

# California

# 1994

# Resident

Forms & Instructions

Personal Income Tax Booklet

**This booklet contains two copies of:**

[Form 540EZ](#), California Resident Income Tax Return For  
Single and Joint Filers With No Dependents, page 9  
[Form 540A](#), California Resident Income Tax Return, page 13  
[Form 540](#), California Resident Income Tax Return, page 23  
[Schedule CA](#), California Adjustments, page 35  
[Schedule D](#), California Gain or Loss Adjustment, page 36  
[FTB 3885A](#), Depreciation and Amortization Adjustments, page 36

**This booklet contains one copy of:**

[FTB 3519](#), Payment Voucher For Automatic Extension, page 5

**Do you need help?**

**1-800-338-0505**



**F.A.S.T.**

Most of your questions can be answered by reading the instructions in this booklet. But if you find that you need help, use our [F.A.S.T. \(Fast Answers about State Taxes\) toll-free phone service](#) available 24 hours a day. If you can't get the answer you need, call our [regular toll-free phone service](#) listed on page 47. The best times to call are between 7:00 and 10:00 in the morning and between 6:00 and 8:00 in the evening. If you need in-person assistance, visit one of our [district offices](#). Addresses are shown on page 47.

**Fast Refund?**

**[File electronically!](#)**

See page 3 for more information.

Members of the  
Franchise Tax Board

Gray Davis, Chairman  
Brad Sherman, Member  
Russell Gould, Member



**State of California  
Franchise Tax Board**

# Which form should you use?



Why spend unnecessary time preparing your California taxes? If you are single or married filing a joint return and you have no dependents, chances are good that you could be using Form 540EZ. It's quick, it's easy, and you can do it yourself. Check the chart below to see which form you should use.

**Note:** If you were not a resident of California for any part of 1994, you must use Form 540NR.

	Form 540EZ	Form 540A	Form 540
<b>Filing Status</b>	Single or married filing joint, under 65 and not blind	Single, married filing joint, married filing separate, head of household or qualifying widow(er)	Single, married filing joint, married filing separate, head of household or qualifying widow(er)
<b>Dependents</b>	None allowed	Allowed	Allowed
<b>Amount of Income</b>	Taxable income \$50,000 or less	Federal adjusted gross income \$100,000 or less	All amounts
<b>Sources of Income</b>	Only income from: <ul style="list-style-type: none"> <li>• Wages, salaries, tips</li> <li>• Taxable interest of \$400 or less</li> <li>• Taxable scholarship or fellowship grants</li> </ul>	Only income from: <ul style="list-style-type: none"> <li>• Wages, salaries, tips</li> <li>• Taxable scholarship or fellowship grants</li> <li>• Interest and dividends</li> <li>• Unemployment compensation</li> <li>• Social security benefits</li> <li>• Tier 1 and tier 2 railroad retirement payments</li> <li>• Fully and partially taxable IRA distributions, pensions, &amp; annuities</li> </ul>	All sources of income
<b>Adjustment to Income</b>	None allowed	Allowed if the amount is the same as your federal adjustments to income	Allowed
<b>Standard Deduction</b>	Allowed	Allowed	Allowed
<b>Itemized Deductions</b>	None allowed	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
<b>Payments</b>	Withholding shown on Form(s) W-2	<ul style="list-style-type: none"> <li>• Withholding shown on Form(s) W-2, W-2G, and 1099-R</li> <li>• Estimated tax payments</li> <li>• Payments made with extension voucher</li> </ul>	<ul style="list-style-type: none"> <li>• Withholding from all sources</li> <li>• Estimated tax payments</li> <li>• Payments made with extension voucher</li> <li>• Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)</li> </ul>
<b>Tax Credits</b>	Only for personal exemption credits	Personal exemption credits Senior exemption credits Blind exemption credits	All tax credits
<b>Other Taxes</b>	Only tax computed using the tax table	Only tax computed using the tax table or tax rate schedules	All taxes: <ul style="list-style-type: none"> <li>• Tax computed using the tax table or tax rate schedules</li> <li>• Alternative minimum tax</li> <li>• Tax on early use of an IRA or a qualified retirement plan</li> <li>• tax for children under age 14 who have investment income of more than \$1,200</li> <li>• Tax on lump-sum distribution</li> <li>• Recapture taxes</li> <li>• Deferred tax on certain installment obligations</li> <li>• Tax on accumulation distribution of trusts</li> </ul>

# Important News About Your 1994 California Income Tax Return

## Differences Between California and Federal Law

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and the provisions are specifically identified when appropriate. All other references in these instructions are to the IRC as it existed on January 1, 1993.

## Renter's Credit

Due to a tax law change, renter's credit has been eliminated for 1994 and 1995. For these years you may not claim the credit on your personal income tax return.

## New Voluntary Contribution

Recent California legislation allows you to make a voluntary contribution to the California Olympic Training Fund.

## New California Moving Expense Form

If you have moving expenses in 1994, use Form FTB 3596, California Moving Expenses, to figure the amount you may deduct on your California return. Beginning with tax year 1994, California and federal law are no longer the same for the moving expense deduction.

## New Credit and Expired Credit

See page 29 for information about the new credit for child adoption costs. The young infant credit has expired. Any carryover credit from prior years may be used in 1994 to the extent allowable until the excess credit is exhausted.



## F.A.S.T. Toll-free Phone Service: 1-800-338-0505

F.A.S.T. is the toll-free phone service you can use 24 hours a day to get Fast Answers about State Taxes, to order federal and state tax forms and to get information about your refund. When you see a phone symbol next to a paragraph in these instructions, you may dial the F.A.S.T. toll-free phone number listed above. Then enter the three-digit number below the phone symbol to get more information about the topic in that paragraph. See the back cover of this booklet for a complete list of the codes and the questions they answer.

## Fast Refund

Get your refund fast! When you file your return electronically, your refund check will be in the mail in 7 days or less from the time FTB receives your electronic return (if your return has no errors). It is this easy:

- Prepare your return (or have someone prepare it for you).
- Have a tax preparer or other business transmit your return for you. For a fee, the tax preparer or other electronic filing service will make sure that your return is sent correctly and will be able to verify that the FTB received your return.
- Your return is filed! There is no return to mail!

If you cannot file electronically, you can get your refund in two weeks by having a tax preparer print your return using the Form 540-ADS format. For a fee, many professional tax preparers offer the computerized Form 540-ADS in addition to their other services.

For more information call 1-800-338-0505. Then enter code 112 to hear about electronic filing or enter code 213 to hear about using Form 540-ADS.

# Who Must File A California Income Tax Return

## Requirements for Most People

If you were single or unmarried on December 31, 1994, you must file a return if you:

- gross income from all sources was more than \$8,000; or
- adjusted gross income from all sources was more than \$6,000.

If you were married on December 31, 1994, you must file a return if you and your spouse had a combined:

- gross income from all sources of more than \$16,000; or
- adjusted gross income from all sources of more than \$12,000.

**Note:** Gross income means all income you received in the form of money, goods, property and services that is not exempt from tax.

Even if you do not have to file a return, you should file for a refund if:

- California state income tax was withheld from your pay; or
- you made estimated tax payments.

## California Alternative Minimum Tax and Credit Limitations

You may owe alternative minimum tax or have to limit your credits if your California adjusted gross income, plus items such as accelerated depreciation, charitable contributions of appreciated capital gain property and passive activity losses, total more than:

- \$40,000 if you are married filing joint or qualifying widow(er); or
- \$30,000 if you are single or head of household; or
- \$20,000 if you are married filing separate.

Get Schedule P (540), Alternative Minimum Tax and Credit Limitations, to see if you owe alternative minimum tax. See Form 540, "Step 5" to see if you need to limit your credits.

## Requirements for Children

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,200 of investment income in 1994, get and complete Form 540 and form FTB 3800, Tax Computation for Children with

Investment Income, or form

FTB 3803, Parent's Election to Report Child's Interest and Dividends.

## Keep a Copy of Your California Income Tax Return

The Franchise Tax Board may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the original due date of the return or the date the return is filed. Keep a copy of your return and the records which verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the original or replacement property.



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
1-800-852-5711

## Dear California Taxpayers,

During this past year your letters and telephone calls encouraged us to continue to look at ways to make filing your tax return easier. In addition you asked for better, more efficient ways of getting information from the Franchise Tax Board when you need it. Thanks to technology we are able to provide some additional services this year that will make the process you are about to go through easier.

This year Californians are being offered for the first time — Electronic Filing. This paperless system, available through thousands of tax practitioners, reduces errors and allows us to process and issue refunds within 7 days.

We have expanded the F.A.S.T. (Fast Answers about State Taxes) automated toll-free telephone service. It is now available in both English and Spanish to callers with touch-tone or rotary dial telephones. Several new topics have been added such as "Do I need to file?", "Which form should I use?" and "How do I file electronically?".

As we move into the future we are exploring other paperless filing methods like "telefile". With "telefile" you will be able to file your return simply by picking up your telephone and calling us. These types of efforts provide two major benefits, they make filing tax returns easier, and reduce processing time and costs for the state.

We appreciate your suggestions for improving our tax forms. If you would like to send me your suggestions or comments, please write to me at:

**Franchise Tax Board**  
P.O. Box 942840  
Sacramento, CA 94240-0040

Gerald H. Goldberg  
Executive Officer

# Additional Information

## Volunteer Income Tax Assistance

At more than 1,500 sites throughout California, trained volunteers provide free assistance to low-income, senior, disabled and non-English speaking persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. armed forces. Call the Franchise Tax Board at 1-800-852-5711 to find the volunteer assistance location nearest you.

## Deceased Taxpayers

A final return must be filed for a person who died in 1994 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print or type "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse, and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 1994. Indicate next to your signature that you are the surviving spouse.

You may also file a joint return with an administrator or executor acting in behalf of the deceased taxpayer.

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, you must attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

## Amended Returns

If you discover that you made an error on your California income tax return after it was filed, use Form 540X, Amended Individual Income Tax Return, to correct and make any changes to your return.

## Changes To Federal Returns

If your federal income tax return is examined and changed by the Internal Revenue Service (IRS) and you owe additional tax, you must report these changes to the Franchise Tax Board within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X to make any changes to your California income tax return already filed, or you may send copies of the federal changes to: Franchise Tax Board, Audit Section, P.O. Box 1998, Rancho Cordova, CA 95741-1998, Attn: RAR/VOL.

Regardless of which method you use to notify the Franchise Tax Board, you must include a copy of the final federal determination along with all underlying data and schedules that the federal adjustment was based on. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information.

**Note:** You do not have to file Form 540X if the changes do not affect your California tax liability.

## Military Personnel

If you are a member of the U.S. armed forces and need additional information on how to file your return, get FTB Pub. 1032, Tax Information for Military Personnel.

## Change of Address?

If you move during the year, notify the Franchise Tax Board of your new address by calling 1-800-852-5711.

## Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee and county fees are not deductible.

## California Sales And Use Tax

If you purchased goods from an out-of-state retailer (such as a mail-order firm) and sales tax would have been charged if you had purchased the goods in California, you owe use tax on your purchase if the out-of-state retailer did not collect the tax.

Your tax liability may be calculated by multiplying the sales tax rate in your area times the cost of the goods purchased. You may pay your tax liability by sending payment to the State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0001, with a brief letter listing your name, address, a description and cost of the goods purchased, and the name and address of the out-of-state retailer.

If you file a Schedule C (Form 1040), Profit or Loss From Business, with your federal income tax return and are in the business of selling tangible personal property, you may be required to obtain a seller's permit with the State Board of Equalization.

If you have a question as to which goods are taxable, or want information about obtaining a seller's permit, you should contact the nearest office of the State Board of Equalization. You can find the address and telephone number in the State Government section of your telephone directory.

## Rounding to Whole Dollars

Please round cents to the nearest whole dollar on your return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next whole dollar. For example, \$123.49 becomes \$123 and \$725.50 becomes \$726.

If you do round, do so for all amounts. However, if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round the total. Example: You want to add \$5,000.55 and \$18,500.73. On the appropriate line you would enter \$23,501 (\$5,000.55 + \$18,500.73 = \$23,501.28).

## Requesting a Copy of Your Tax Return

The Franchise Tax Board keeps personal income tax returns for three and one-half years from the original due date. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Return from Taxpayer. In most cases, there is a \$5 fee for each copy you request. However, there is no charge if you are requesting a return and any audit reports

attached in connection with an audit or collection activity; you were the victim of a designated California or federal disaster; or you request copies from a district office that assisted you in completing your return. To order form FTB 3516, see the paragraph on ordering forms on page 47 of this booklet.

If you filed your return electronically, by agreement with FTB, the preparer or other business that transmitted your return should be able to provide you with a copy of your return within four years of the due date of your return if you request it. Since FTB receives no paper document when a return is filed electronically, it can only provide the data transmission record.

## Privacy Act Notice

The Information Practices Act of 1977 and the federal Privacy Act require the Franchise Tax Board to tell you why we ask you for information. The Operations and Compliance Divisions ask for tax return information to carry out the Personal Income Tax Law of the State of California. We may request additional information if we audit your return or take collection action.

If you meet the income requirements, the Revenue and Taxation Code requires you to file a return on the form we prescribe (Sections 18501 and 18621). When you file this or other documents, you must include your social security number for identification and return processing (Section 18624).

It is mandatory to furnish all information requested when you are required to file any documents prescribed by the Franchise Tax Board. If you do not file a return, or do not provide the information we ask for, or provide fraudulent information, the law states you may be charged penalties and interest and, in certain cases, you may be subject to criminal prosecution. We also may disallow claimed exemptions, exclusions, credits, deductions or adjustments. This could make the tax higher or delay or reduce any refund.

We may give the information you furnish us to the United States Internal Revenue Service, the proper official of any state imposing an income tax or a tax measured by income, the Multistate Tax Commission and California government agencies and officials, as provided by law. If you owe any monies, we may disclose the amount due to employers, financial institutions, county recorders, vacation trust funds, process agents and other payers.

You have a right to access records containing your personal information maintained by the Franchise Tax Board. The officials responsible for maintaining the information are: 1) Filing of returns—Director, Document Processing Bureau; 2) Auditing of returns—Director, General Tax Audit Bureau; and 3) Collection of monies—Director, Collection Bureau. The address is:

**Franchise Tax Board  
P.O. Box 942840  
Sacramento, CA 94240-1040.**

Telephone:  
Within the United States . . . 1-800-852-5711  
Outside the United States . . . 1-916-845-6500

Instructions for Automatic Extension  
for Individuals

1994

3519

## General Information

If you cannot file your California tax return by April 17, 1995, you will be allowed an automatic six month extension without filing a written request. To qualify for the automatic extension, you must file your tax return by October 16, 1995. However, to avoid late payment penalties and interest, you must pay 100% of your tax liability by **April 17**.

Complete the tax payment worksheet below to see if you owe additional tax. If you owe additional tax but cannot file by April 17, use the payment voucher below to mail in your payment. Your payment must be made by April 17. **Do not send in the voucher if no payment is due.**

Save your completed worksheet along with the copy of your return for your tax records.

If the amount on line 1 is more than the amount on line 3, then your tax is more than your payments and credits. You have tax due. Subtract the amount on line 3 from the amount on line 1. Enter the tax due on line 4 and on the form FTB 3519 voucher below and **mail only the voucher portion** with your payment to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051**

## Penalties and Interest

Remember, an extension of time to file your return is not an extension of time to pay your tax. If you fail to pay your total tax liability by April 17, a late payment penalty plus interest will be added to your tax due. If after April 17, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional estimated tax with another form FTB 3519 voucher. If you do not file your return by October 16, you will be assessed a late filing penalty plus interest.

## How to Complete the Tax Payment Worksheet

**Line 1** – Enter the total tax you expect to owe. This is the amount you expect to enter on Form 540EZ, line 23; Form 540A, line 23; Form 540, line 37; or Form 540NR, line 46.

**Line 2** – Enter your total payments and credits on the following lines:

- 2a – California income tax withheld
- 2b – California estimated tax payments and amount applied from your 1993 return
- 2c – Other payments and credits including any tax payments made with any previous 1994 form FTB 3519 voucher.

**Line 3** – Add line 2a through line 2c. Enter the result on line 3.

**Line 4** – Tax due. If the amount on line 3 is more than the amount on line 1, then your payments and credits are more than your tax. You have no tax due. **DO NOT SEND THE PAYMENT VOUCHER.** You will automatically qualify for an extension. Your return when filed by October 16, will verify that you qualified for the extension.

## Taxpayers Residing or Traveling Abroad

If you are living or traveling outside the United States on April 17, the deadline to file your return and pay the tax is June 15, 1995. Interest will accrue from the original due date (April 15) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six month extension without filing a written request. To qualify for the extension, you must file your tax return by December 15, 1995. To avoid any late payment penalties, you must pay 100% of your tax liability by June 15. When filing your return, be sure to attach a statement to the front indicating that you were "abroad on April 17, 1995."

## TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax you expect to owe . . . . .	1	
2 Payments and credits:		
a California income tax withheld . . . . .	2a	
b California estimated tax payments and amount applied from your 1993 return . . . . .	2b	
c Other payments and credits . . . . .	2c	
3 Total tax payments and credits. Add line 2a through line 2c . . . . .	3	
4 Tax due. If line 3 is more than line 1, see instructions. If line 1 is more than line 3, subtract line 3 from line 1. Enter the result here and on the voucher below . . . . .	4	

CUT HERE

TAXABLE YEAR

Payment Voucher for  
1994 Automatic Extension for Individuals

CALIFORNIA FORM

3519

Your first name and initial	Last name	Your social security number
If joint return, also give spouse's first name and initial	Last name	Spouse's social security number
Present home address — number and street including P.O. Box or rural route		Apt. no.
City, town or post office, state and ZIP code		

**IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM**

Amount of payment

**MAIL TO:** Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051

(Calendar year — Due April 17, 1995)

\$		00
----	--	----

For Privacy Act Notice, see form FTB 1131

**Payment Voucher 5**

# When Should You File Your Return?

File your return by April 17, 1995. The earlier you file your return, the earlier you will get your refund. But, if it is April 17, 1995, and you will not be able to file your return by midnight that night, the following information will help you decide what to do next.

These are the return filing rules:

1. There is an automatic six-month extension to **file** until October 16, 1995.
  - To get the extension, you must file by October 16, 1995.
  - You do not need to write to the Franchise Tax Board to request the extension to file.
2. There is no extension for the time to **pay** the tax you owe.
  - If you do not pay by April 17, 1995, you may owe late payment penalties and interest.
2. If you do not owe tax, you do not need to send anything to the Franchise Tax Board now. But make sure to file your return by October 16, 1995.
3. If you owe tax, complete form FTB 3519. Make out a check or money order payable to the Franchise Tax Board for the full amount you owe.
4. To avoid late payment penalties and interest, mail your check or money order and form FTB 3519 by April 17, 1995, to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051**

Here is what to do:

1. Use the worksheet for form FTB 3519, Payment Voucher for Automatic Extension for Individuals, on page 5 to determine as accurately as possible whether you owe any tax based on the information you have.

If you are living or traveling outside the United States on April 17, 1995, the deadline for filing your return and paying your tax is June 15, 1995. Interest will accrue from the original due date (April 15th) until the date of payment. See form FTB 3519 for more information.

## Use This Checklist Of Helpful Hints



### Get your paperwork in order.

You need these items to complete your return.

- your completed federal tax return
- your Form(s) W-2



### Check your filing status.

Make sure that you meet all of the tests for your filing status. See pages 7, 15 or 25 for more information.



### Claim your personal exemption credit.

Most taxpayers qualify for the personal exemption credit, but many do not claim it. We will figure this credit and correct your return if you do not claim it. But it is better for you to claim the credit when you prepare your return.



### Double-check your math.

Last year we corrected many math errors on returns filed by people who did not double-check their math. Make sure you check each subtraction, addition and any other calculations. Be especially careful at line 14 and line 15 where most errors are made.



### Staple your Form(s) W-2 to your return.

Make sure to staple all the Forms W-2 you received to the front of your return where it says "Attach copy of your Form(s) W-2 here." If you did not receive a Form W-2 from your employer, see pages 20 or 32 for more information.



### Attach your check to your return.

Make sure your check is made out to the Franchise Tax Board. Also, write your social security number and "1994 Form 540EZ," "1994 Form 540A" or "1994 Form 540" on it. Then staple it to the front of your return where it says "Attach check or money order here." Finally, make sure your check is not covered by anything else attached to the front of your return.



### Check your name, social security number and address.

Before you put your return in an envelope and mail it, take one last look at the information in "Step 1" on the front of the return. Make sure it is all correct. If you need to make changes, draw a line through the incorrect information, and carefully print the new information.



### Get help if you need it.

Do not "guess" at the answers on your tax return. We want to help you find the right answers **before** you file your return, rather than discover problems later. See the back cover of this booklet for information about the free assistance available through the Franchise Tax Board.



### Electronic filing.

If you file your return electronically, make sure all the amounts entered are correct before you sign form FTB 8453, California Individual Income Tax Declaration for Electronic Filing. Your return can be electronically transmitted by your preparer or electronic filing service only after you sign form FTB 8453. The preparer or electronic filing service must provide you with:

- a copy of form FTB 8453;
- any original Form(s) W-2, W-2G and 1099-R; and
- a paper copy of your California tax return showing the data transmitted to the FTB.

# Instructions for Form 540EZ, California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993**, and the California Revenue and Taxation Code (R&TC).

## Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A or Form 1040EZ) before you begin your Form 540EZ. You will use the information you entered on your federal income tax return to complete your Form 540EZ. Be sure to complete and mail the Form 540EZ with the blue shading.

**Important:** Do not attach a copy of your federal income tax return to Form 540EZ.

## Step 1 Name and Address

If there is a label on the front of your booklet:

1. Complete your blue Form 540EZ **before** you remove the address label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your address label from the front of your booklet and attach it on the front of your Form 540EZ in the space provided at the top.
4. Make sure the information on your address label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number and address in the spaces provided at the top of Form 540EZ.

If you file a joint return, show your social security numbers in the same order as you show your names.

## Step 2 Filing Status

Your filing status for California must be the same as the filing status you used on your federal income tax return. If it is not, you cannot use Form 540EZ. See the instructions for Form 540A beginning on page 15.

### Line 6 – Dependent Check Box



601

Check the box on line 6 **only** if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to. You must use the "Standard Deduction Worksheet for Dependents" on Form 540EZ, Side 2, Part I when you get to line 15.

## Step 3 Taxable Income

Please round cents to the nearest whole dollar.

### Line 14 – Federal Adjusted Gross Income

Enter the amount of your federal adjusted gross income from your federal Form 1040EZ, line 3 or your Form 1040A, line 16 or your Form 1040, line 31, on Form 540EZ, line 14.

### Line 15 – Standard Deduction

If you checked the box on line 6 because your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, go to Form 540EZ, Side 2, Part I and complete the "Standard Deduction Worksheet for Dependents."

If you did not check the box on line 6:

- enter \$2,431 if you checked the box on line 1; or
- enter \$4,862 if you checked the box on line 2.

## Step 4 Tax and Credits

First figure your tax, then make sure you qualify to claim your credits.

## Line 17 – Tax

To figure your tax on the amount shown on line 16, you must use the tax table on pages 44 through 46. Be sure to use the correct filing status and taxable income amount when you figure your tax.

## Line 18 – Personal Exemption Credit

If you checked the box on line 6 because your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, go to Form 540EZ, Side 2, Part II to find the amount to enter on this line.

If you did not check the box on line 6:

- enter \$65 if you checked the box on line 1; or
- enter \$130 if you checked the box on line 2.

## Step 5 Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 24 through line 31.

### Line 24 – California Income Tax Withheld

Add the amounts shown as California income tax withheld on your Form(s) W-2. Enter the total on line 24. The amount of California income tax withheld should be shown in box 18 of Form W-2. Do not include any amount of local income tax withheld.



204

If you do not have a Form W-2, see the instructions for "Sign Your Return" on page 20.

### Line 30 – Overpaid Tax

If the amount on line 24 is more than the amount on line 23, then your payments and credits are more than your tax. Subtract the amount on line 23 from the amount on line 24. Enter the result on line 30. This is the amount of your overpaid tax. If line 24 is less than the amount on line 23, go to line 31.

### Line 31 – Tax Due

If the amount on line 24 is less than the amount on line 23, then your tax is more than your payments and credits. Subtract the amount on line 24 from the amount on line 23. Enter the result on line 31. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- the tax due on line 31 is \$100 or more; and
- the amount of state income tax withheld on line 24 is less than 80 percent of the amount of your total tax on line 23.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may add contributions to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540EZ.

## Step 6 Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

### Contributions

You may make voluntary contributions of \$1 or more in whole dollar amounts. If you make a voluntary contribution, you must complete Form 540EZ, Side 2, Part III. You may contribute only to the funds listed in Part III and cannot change the amount you contributed after you file your return.

## Instructions For Form 540EZ, Side 2, Part III Voluntary Contributions

### Part III,

#### Line 1 – Alzheimer's Disease/Related Disorders Fund

Contributions entered on line 1 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

### Part III,

#### Line 2 – California Fund For Senior Citizens

Contributions entered on line 2 will be used by the California Fund for Senior Citizens which supports the work of the California Senior Legislature and direct services to seniors. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as : Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

### Part III,

#### Line 3 – Rare And Endangered Species Preservation Program

Contributions entered on line 3 will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.

### Part III,

#### Line 4 – State Children's Trust Fund For The Prevention Of Child Abuse

Contributions entered on line 4 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

### Part III,

#### Line 5 – California Breast Cancer Research Fund

Contributions entered on line 5 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

### Part III,

#### Line 6 – Veterans Memorial Account

Contributions entered on line 6 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

### Part III,

#### Line 7 – California Firefighters' Memorial Fund

Contributions entered on line 7 will be used for the construction of a memorial to California firefighters on the grounds of the State Capitol.

### Part III,

#### Line 8 – California Public School Library Protection Fund

Contributions entered on line 8 will be expended for the purchase of books and library media technology through grants awarded to schools.

### Part III,

#### Line 9 – California Olympic Training Fund

Contributions entered on line 9 will be used by the United States Olympic Committee for Olympic activities in California.

### Part III, Line 10 &

#### Line 11 – California Election Campaign Fund

A contribution of \$1, \$5, \$10 or \$25 may be made to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name in the space provided on line 10, and enter the amount of your contribution.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 11. You and your spouse may each contribute a maximum of \$25.

### Part III,

#### Line 12 – Total Contributions

Add all contributions you entered on line 1 through line 11. Enter the result on Side 2, Part III, line 12, and on your Form 540EZ, Side 1, line 34.

## Instructions For Form 540EZ, Side 1 (con't.)

### Line 34 – Total Contributions

On line 34, enter the amount of your total contributions from Form 540EZ, Side 2, Part III, line 12. If you did not complete Part III, do not enter an amount on line 34.

### Line 35 – Refund Or No Amount Due

If you did not enter an amount on line 34, enter the amount from line 30 on line 35. This is the amount that will be refunded to you. If the amount is less than \$1, you must attach a written request to your Form 540EZ to receive the refund.

If you entered an amount on line 34, subtract that amount from the amount on line 30. If the result is zero or more, enter the result on line 35.

If the result is less than zero, your contributions are more than your overpaid tax on line 30. In this case, do not enter an amount on line 35. Instead subtract the amount on line 30 from the amount on line 34. Enter the result on line 36.

### Line 36 – Amount You Owe

If you did not enter an amount on line 34, enter the amount from line 31 on line 36.

If you entered an amount on line 34, add that amount to the amount on line 31. Enter the result on line 36. This is the amount you owe with your Form 540EZ.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1994 Form 540EZ" on your check or money order.
- Attach the check or money order to the front of your Form 540EZ in the area below the words "Step 3, Taxable Income."
- When you mail your Form 540EZ and payment, make sure your check or money order is not covered up by your Form(s) W-2 or any other items.

A penalty may be imposed if your check is returned by your bank for insufficient funds.

To avoid a late filing penalty, file your Form 540EZ by the due date even if you cannot pay the amount you owe.



207

Sign  
Your  
Return

See the instructions for "Sign Your Return" on page 20.



# California Resident Income Tax Return

## For Single and Joint Filers With No Dependents 1994

FORM

540EZ

### Step 1

#### Name and Address

**Use the California mailing label. If you do not have the label, please print or type.**

Your first name and initial	Last name	Your social security number	<b>Do Not Write In These Spaces</b>  <b>P</b> <b>AC</b> <b>A</b> <b>R</b> <b>RP</b>
If joint return, also give spouse's name and initial	Last name	Spouse's social security number	
Present home address — number and street including P.O. box or rural route		Apt. no.	
City, town or post office, state and ZIP code			

### Step 2

#### Filing Status

- 1 ☐ Single
- 2 ☐ Married filing joint return (even if only one spouse had income)
- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here ☐ 6 ☐

### Step 3

#### Taxable Income

Attach check or money order here.

- 14 Federal adjusted gross income from your Form 1040EZ, line 3 or your Form 1040A, line 16, or your Form 1040, line 31 . . . . . ● 14  ,
- 15 If you checked the box on line 6 above, go to Side 2, Part I. If you are single and did not check the box on line 6, enter your standard deduction of \$2,431. If you are married filing joint and did not check the box on line 6, enter your standard deduction of \$4,862 . . . . . ● 15  ,
- 16 Subtract line 15 from line 14. This is your taxable income. If it is over \$50,000, STOP. You must use Form 540A or Form 540. If line 15 is larger than line 14, enter -0- . . . . . 16  ,

### Step 4

#### Tax and Credits

- 17 Tax. Use the amount on line 16 to find your tax in the tax table. Enter the tax from the table on this line . . . . . 17  ,
- 18 If you checked the box on line 6 above, go to Side 2, Part II. If you are single and did not check the box on line 6, enter your exemption credit of \$65. If you are married filing joint and did not check the box on line 6, enter your exemption credit of \$130 . . . . . 18
- 23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23  ,

### Step 5

#### Overpaid Tax or Tax Due

- 24 Enter your California income tax withheld from your Form(s) W-2, box 18 . . . ■ 24  ,
- 30 If line 24 is more than line 23, subtract line 23 from line 24. This is your overpaid tax . . . . . ■ 30  ,
- 31 If line 24 is less than line 23, subtract line 24 from line 23. This is the amount of tax due . . . . . 31  ,

### Step 6

#### Refund or Amount You Owe

Attach copy of your Form(s) W-2 here.

- 34 Total contributions. Enter amount from Side 2, Part III, line 12 . . . . . ● 34  ,
- 35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE**. Mail your return to:  
**Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000** ■ 35  ,
- 36 Add line 31 and line 34. This is the **AMOUNT YOU OWE**. Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1994 Form 540EZ" on it. Attach it to your Form 540EZ and mail to:  
**Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001** ■ 36  ,

#### Sign Here

It is unlawful to forge a spouse's signature.

Do not attach your federal return to this return.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature

Spouse's signature (if filing jointly, both must sign)

Date

X

X

**Part I Standard Deduction Worksheet for Dependents Who Checked the Box on Side 1, line 6.**

If you checked the box on Side 1, line 6 because someone can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, complete this worksheet to figure the amount to enter on Side 1, line 15.

1	Enter the amount from line 1 of your federal Form 1040EZ or from line 1 of the federal "Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040 . . . . .	1	<table border="1"><tr><td></td><td></td></tr></table> , <table border="1"><tr><td></td><td></td><td></td><td></td></tr></table> ■ <table border="1"><tr><td></td><td></td></tr></table>											
2	Minimum standard deduction . . . . .	2	<table border="1"><tr><td>6</td><td>0</td><td>0</td></tr></table> ■ <table border="1"><tr><td></td><td></td></tr></table>	6	0	0								
6	0	0												
3	Compare the amounts on line 1 and line 2 above. Enter the LARGER of the two amounts here . . . .	3	<table border="1"><tr><td></td><td></td></tr></table> , <table border="1"><tr><td></td><td></td><td></td><td></td></tr></table> ■ <table border="1"><tr><td></td><td></td></tr></table>											
4	Maximum standard deduction: <table border="0"><tr><td rowspan="2">{</td><td>If single, enter \$2,431</td><td rowspan="2">}</td></tr><tr><td>If married filing joint, enter \$4,862</td></tr></table> . . . . .	{	If single, enter \$2,431	}	If married filing joint, enter \$4,862	4	<table border="1"><tr><td></td></tr></table> , <table border="1"><tr><td></td><td></td><td></td><td></td></tr></table> ■ <table border="1"><tr><td></td><td></td></tr></table>							
{	If single, enter \$2,431		}											
	If married filing joint, enter \$4,862													
5	Compare the amounts on line 3 and line 4. Enter the SMALLER of the two amounts here and on Side 1, line 15 . . . . .	5	<table border="1"><tr><td></td></tr></table> , <table border="1"><tr><td></td><td></td><td></td><td></td></tr></table> ■ <table border="1"><tr><td></td><td></td></tr></table>											

If you did not check the box on Side 1, line 6 because no one can claim you (or your spouse, if married) as a dependent, and you are: 

{	Single, enter \$2,431 on Side 1, line 15; <b>OR</b>
	Married filing joint, enter \$4,862 on Side 1, line 15.

**Part II Exemption Credit Chart for Dependents**

If you (or your spouse, if married) can be claimed as a dependent, enter the following amounts on line 18:

- If single, enter -0-.
- If married filing joint and both you and your spouse can be claimed as dependents, enter -0-.
- If married filing joint and only one of you can be claimed as a dependent, enter \$65.

**Part III Contributions**

You may make a voluntary contribution of \$1 or more to the following funds:

1	Alzheimer's Disease/Related Disorders Fund . . . . .	◀ 48 ▶	1	<table border="1"><tr><td></td><td></td></tr></table>			00
2	California Fund for Senior Citizens . . . . .	◀ 49 ▶	2	<table border="1"><tr><td></td><td></td></tr></table>			00
3	Rare and Endangered Species Preservation Program . . . . .	◀ 50 ▶	3	<table border="1"><tr><td></td><td></td></tr></table>			00
4	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	◀ 51 ▶	4	<table border="1"><tr><td></td><td></td></tr></table>			00
5	California Breast Cancer Research Fund . . . . .	◀ 52 ▶	5	<table border="1"><tr><td></td><td></td></tr></table>			00
6	Veterans Memorial Account . . . . .	◀ 53 ▶	6	<table border="1"><tr><td></td><td></td></tr></table>			00
7	California Firefighters' Memorial Fund . . . . .	◀ 54 ▶	7	<table border="1"><tr><td></td><td></td></tr></table>			00
8	California Public School Library Protection Fund . . . . .	◀ 55 ▶	8	<table border="1"><tr><td></td><td></td></tr></table>			00
9	California Olympic Training Fund . . . . .	◀ 56 ▶	9	<table border="1"><tr><td></td><td></td></tr></table>			00
	California Election } 10 Your political party _____ amount (\$25 maximum) . .	▶ 57	10	<table border="1"><tr><td></td><td></td></tr></table>			00
	Campaign Fund } 11 Spouse's political party _____ amount (\$25 maximum) ▶ 58	11	<table border="1"><tr><td></td><td></td></tr></table>			00	
12	<b>Total contributions.</b> Add line 1 through line 11. Transfer the total to Side 1, line 34 . . . . .	12	<table border="1"><tr><td></td><td></td></tr></table>			00	

**Due to a tax law change, renter's credit has been eliminated for 1994 and 1995.  
For these years, you may not claim the credit on your personal income tax return.**

**YOU CAN USE THIS FORM IF ALL OF THE FOLLOWING ARE TRUE:**

Circle T if the statement is true or F if the statement is false.

- |  |   |   |
|--|---|---|
| • Your filing status is single or married filing joint. . . . .          | T | F |
| • Your taxable income is \$50,000 or less. . . . .                       | T | F |
| • You are under 65 and not blind. . . . .                                | T | F |
| • You do not have any dependents. . . . .                                | T | F |
| • You had only income from: . . . . .                                    | T | F |
| ▶ Wages, salaries, tips;   |   |   |
| ▶ Taxable interest of \$400 or less; or                                  |   |   |
| ▶ Taxable scholarship or fellowship grants.                              |   |   |
| • You have no adjustments to federal adjusted gross income. . . . .      | T | F |
| • You do not itemize your deductions. . . . .                            | T | F |
| • You do not claim estimated tax payments. . . . .                       | T | F |
| • You claim no credits other than the personal exemption credit. . . . . | T | F |

**COMPLETING YOUR RETURN**

- Be sure to file your return by April 17, 1995.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to your Form 540EZ.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return on the line below your signature.
- If you cannot file your return by April 17, 1995 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 17, 1995 to avoid late payment penalties and interest.

# California Resident Income Tax Return

## For Single and Joint Filers With No Dependents 1994

FORM

540EZ

### Step 1

#### Name and Address

**Use the California mailing label. If you do not have the label, please print or type.**

Your first name and initial	Last name	Your social security number	<b>Do Not Write In These Spaces</b>  <b>P</b> <b>AC</b> <b>A</b> <b>R</b> <b>RP</b>
If joint return, also give spouse's name and initial	Last name	Spouse's social security number	
Present home address — number and street including P.O. box or rural route		Apt. no.	
City, town or post office, state and ZIP code			

### Step 2

#### Filing Status

- 1 ☐ Single
- 2 ☐ Married filing joint return (even if only one spouse had income)
- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here ☐ 6 ☐

### Step 3

#### Taxable Income

Attach check or money order here.

- 14 Federal adjusted gross income from your Form 1040EZ, line 3 or your Form 1040A, line 16, or your Form 1040, line 31 . . . . . ● 14  ,
- 15 If you checked the box on line 6 above, go to Side 2, Part I. If you are single and did not check the box on line 6, enter your standard deduction of \$2,431. If you are married filing joint and did not check the box on line 6, enter your standard deduction of \$4,862 . . . . . ● 15  ,
- 16 Subtract line 15 from line 14. This is your taxable income. If it is over \$50,000, STOP. You must use Form 540A or Form 540. If line 15 is larger than line 14, enter -0- . . . . . 16  ,

### Step 4

#### Tax and Credits

- 17 Tax. Use the amount on line 16 to find your tax in the tax table. Enter the tax from the table on this line . . . . . 17  ,
- 18 If you checked the box on line 6 above, go to Side 2, Part II. If you are single and did not check the box on line 6, enter your exemption credit of \$65. If you are married filing joint and did not check the box on line 6, enter your exemption credit of \$130 . . . . . 18
- 23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23  ,

### Step 5

#### Overpaid Tax or Tax Due

- 24 Enter your California income tax withheld from your Form(s) W-2, box 18 . . . ■ 24  ,
- 30 If line 24 is more than line 23, subtract line 23 from line 24. This is your overpaid tax . . . . . ■ 30  ,
- 31 If line 24 is less than line 23, subtract line 24 from line 23. This is the amount of tax due . . . . . 31  ,

### Step 6

#### Refund or Amount You Owe

Attach copy of your Form(s) W-2 here.

- 34 Total contributions. Enter amount from Side 2, Part III, line 12 . . . . . ● 34  ,
- 35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE**. Mail your return to:  
**Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000** ■ 35  ,
- 36 Add line 31 and line 34. This is the **AMOUNT YOU OWE**. Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1994 Form 540EZ" on it. Attach it to your Form 540EZ and mail to:  
**Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001** ■ 36  ,

#### Sign Here

It is unlawful to forge a spouse's signature.

Do not attach your federal return to this return.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature

Spouse's signature (if filing jointly, both must sign)

Date

X

X

**Part I Standard Deduction Worksheet for Dependents Who Checked the Box on Side 1, line 6.**

If you checked the box on Side 1, line 6 because someone can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, complete this worksheet to figure the amount to enter on Side 1, line 15.

1	Enter the amount from line 1 of your federal Form 1040EZ or from line 1 of the federal "Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040 . . . . .	1	<div><div></div><div></div></div> , <div><div></div><div></div><div></div></div> ■ <div><div></div><div></div></div>
2	Minimum standard deduction . . . . .	2	<div><div></div><div></div><div></div></div> ■ <div><div></div><div></div></div>
3	Compare the amounts on line 1 and line 2 above. Enter the LARGER of the two amounts here . . . .	3	<div><div></div><div></div></div> , <div><div></div><div></div><div></div></div> ■ <div><div></div><div></div></div>
4	Maximum standard deduction: { If single, enter \$2,431 If married filing joint, enter \$4,862 } . . . . .	4	<div><div></div></div> , <div><div></div><div></div><div></div></div> ■ <div><div></div><div></div></div>
5	Compare the amounts on line 3 and line 4. Enter the SMALLER of the two amounts here and on Side 1, line 15 . . . . .	5	<div><div></div></div> , <div><div></div><div></div><div></div></div> ■ <div><div></div><div></div></div>

If you did not check the box on Side 1, line 6 because no one can claim you (or your spouse, if married) as a dependent, and you are: { Single, enter \$2,431 on Side 1, line 15; **OR**  
Married filing joint, enter \$4,862 on Side 1, line 15.

**Part II Exemption Credit Chart for Dependents**

If you (or your spouse, if married) can be claimed as a dependent, enter the following amounts on line 18:

- If single, enter -0-.
- If married filing joint and both you and your spouse can be claimed as dependents, enter -0-.
- If married filing joint and only one of you can be claimed as a dependent, enter \$65.

**Part III Contributions**

You may make a voluntary contribution of \$1 or more to the following funds:

1	Alzheimer's Disease/Related Disorders Fund . . . . .	◀ 48 ▶	1	<div><div></div><div></div></div>	00
2	California Fund for Senior Citizens . . . . .	◀ 49 ▶	2	<div><div></div><div></div></div>	00
3	Rare and Endangered Species Preservation Program . . . . .	◀ 50 ▶	3	<div><div></div><div></div></div>	00
4	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	◀ 51 ▶	4	<div><div></div><div></div></div>	00
5	California Breast Cancer Research Fund . . . . .	◀ 52 ▶	5	<div><div></div><div></div></div>	00
6	Veterans Memorial Account . . . . .	◀ 53 ▶	6	<div><div></div><div></div></div>	00
7	California Firefighters' Memorial Fund . . . . .	◀ 54 ▶	7	<div><div></div><div></div></div>	00
8	California Public School Library Protection Fund . . . . .	◀ 55 ▶	8	<div><div></div><div></div></div>	00
9	California Olympic Training Fund . . . . .	◀ 56 ▶	9	<div><div></div><div></div></div>	00
	California Election { 10 Your political party _____ amount (\$25 maximum) . .	▶ 57	10	<div><div></div><div></div></div>	00
	Campaign Fund { 11 Spouse's political party _____ amount (\$25 maximum) ▶ 58	11	<div><div></div><div></div></div>	00	
12	<b>Total contributions.</b> Add line 1 through line 11. Transfer the total to Side 1, line 34 . . . . .		12	<div><div></div><div></div></div>	00

**Due to a tax law change, renter's credit has been eliminated for 1994 and 1995.  
For these years, you may not claim the credit on your personal income tax return.**

**YOU CAN USE THIS FORM IF ALL OF THE FOLLOWING ARE TRUE:**

Circle T if the statement is true or F if the statement is false.

- |  |   |   |
|--|---|---|
| • Your filing status is single or married filing joint. . . . .          | T | F |
| • Your taxable income is \$50,000 or less. . . . .                       | T | F |
| • You are under 65 and not blind. . . . .                                | T | F |
| • You do not have any dependents. . . . .                                | T | F |
| • You had only income from: . . . . .                                    | T | F |
| ▶ Wages, salaries, tips;   |   |   |
| ▶ Taxable interest of \$400 or less; or                                  |   |   |
| ▶ Taxable scholarship or fellowship grants.                              |   |   |
| • You have no adjustments to federal adjusted gross income. . . . .      | T | F |
| • You do not itemize your deductions. . . . .                            | T | F |
| • You do not claim estimated tax payments. . . . .                       | T | F |
| • You claim no credits other than the personal exemption credit. . . . . | T | F |

**COMPLETING YOUR RETURN**

- Be sure to file your return by April 17, 1995.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to your Form 540EZ.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return on the line below your signature.
- If you cannot file your return by April 17, 1995 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 17, 1995 to avoid late payment penalties and interest.

# California Resident Income Tax Return 1994

FORM

540A

Use the California mailing label. If you do not have the label, please print or type.

## Step 1 Name and Address

Your first name and initial	Last name	Your social security number	<b>Do Not Write In These Spaces</b>
If joint return, also give spouse's name and initial	Last name	Spouse's social security number	
Present home address — number and street including P.O. Box or rural route		Apt. no.	
City, town or post office, state and ZIP code			
			P
			AC
			A
			R
			RP

## Step 2 Filing Status

Check only one.

- 1 ☐ Single  
2 ☐ Married filing joint return (even if only one spouse had income)  
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_  
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name \_\_\_\_\_  
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 \_\_\_\_\_.

## Step 3 Exemptions

Do not  
enter dollar  
amounts in  
the boxes.Attach check or  
money order here.

- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, line 3, line 4 or line 5, see page 16 . . . . . ● 6 ☐
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 . . . . . 7
- 8 Blind: If you or your spouse is visually impaired, enter 1. If both are visually impaired, enter 2 . . . . . 8
- 9 Senior: If you or your spouse is 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9
- 10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person you listed on line 4.  
\_\_\_\_\_  
\_\_\_\_\_. Enter the total number of dependents 10
- 11 Add line 7 through line 10. These are your total exemptions . . . . . 11

## Step 4 Taxable Income

- 12 Federal adjusted gross income from your Form 1040EZ, line 3, your Form 1040A, line 16, or your Form 1040, line 31. If this amount is over \$100,000, STOP; you must file Form 540 . . . . . 12
- 13 Total California income adjustments. Enter the amount from Side 2, Part I, line 7 . . . . . ● 13
- 14 Subtract line 13 from line 12. This is your California adjusted gross income. See page 17 . . . . . ● 14
- 15 Enter the { • Your **standard deduction** } See pages 17 and 18 for the chart or worksheet that  
larger of: { • Your **itemized deductions** } applies to you. Be sure to enter an amount on this line ● 15
- 16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- . . . . . 16

## Step 5 Tax and Credits

- 17 Tax. Use the tax table on page 44 or tax rate schedules on page 46 to find the tax on the amount shown on line 16 . . . . . 17
- 18 Exemption credits. If line 14 is \$20,000 or less, multiply \$65 by the amount on line 11.  
If line 14 is more than \$20,000, see page 18 . . . . . 18
- 23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23

## Step 6 Overpaid Tax or Tax Due

Attach copy of your  
Form(s) W-2, W-2G  
and 1099-R here.

- 24 California income tax withheld. Enter total from all 1994 Form(s) W-2, W-2G and 1099-R. . . . . ■ 24
- 25 1994 California estimated tax and amount applied from 1993 return. Include amount paid with extension payment voucher, form FTB 3519 . . . . . ■ 25
- 27 Add line 24 and line 25. These are your total payments and credits . . . . . 27
- 28 If line 27 is more than line 23, subtract line 23 from line 27. This is your overpaid tax. . . . . 28
- 29 Enter the amount of line 28 you want applied to your 1995 estimated tax . . . . . ■ 29
- 30 Subtract line 29 from line 28. This is the amount of overpaid tax available this year. . . . . ■ 30
- 31 If line 27 is less than line 23, subtract line 27 from line 23. This is the amount of tax due. . . . . 31

## Step 7 Refund or Amount You Owe

- 34 Total contributions. Enter amount from Side 2, Part II, line 13 . . . . . ● 34
- 35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE**. Mail return to:  
**Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000** . . . . . ■ 35
- 36 Add line 31 and line 34. This is the **AMOUNT YOU OWE**. Make a check or money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1994 Form 540A" on it. Attach it to your Form 540A and mail to:  
**Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001** . . . . . ■ 36
- 37 Underpayment of estimated tax. If form FTB 5805 is attached, check here . . . . . ☐ ■ 37

Continued on Side 2.

**Part I California Income Adjustments.** See instructions.

1	State income tax refund from Form 1040, line 10. See page 14 . . . . .	1	
2	Unemployment compensation from Form 1040A, line 12, or Form 1040, line 20. See page 14 . . . . .	2	
3	Social security benefits or tier 1 and tier 2 railroad retirement benefits. See page 14 . . . . .	3	
4	California nontaxable interest or dividend income. See page 14 . . . . .	4	
5	IRA distributions. See page 15 . . . . .	5	
6	Pensions and annuities. See page 15 . . . . .	6	
7	<b>Total California income adjustments.</b> Add line 1 through line 6. Enter here and on Side 1, line 13 . . . . .	7	

**Part II Contributions.**

1	Contribution to California Seniors Special Fund. See page 17 . . . . .	◀ 47 ▶	1		
You may make a voluntary contribution of \$1 or more to the following funds:					
2	Alzheimer's Disease/Related Disorders Fund . . . . .	◀ 48 ▶	2		00
3	California Fund for Senior Citizens . . . . .	◀ 49 ▶	3		00
4	Rare and Endangered Species Preservation Program . . . . .	◀ 50 ▶	4		00
5	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	◀ 51 ▶	5		00
6	California Breast Cancer Research Fund . . . . .	◀ 52 ▶	6		00
7	Veterans Memorial Account . . . . .	◀ 53 ▶	7		00
8	California Firefighters' Memorial Fund . . . . .	◀ 54 ▶	8		00
9	California Public School Library Protection Fund . . . . .	◀ 55 ▶	9		00
10	California Olympic Training Fund . . . . .	◀ 56 ▶	10		00
California Election } 11 Your political party _____ amount (\$25 maximum) . . . . .		▶ 57	11		00
Campaign Fund } 12 Spouse's political party _____ amount (\$25 maximum) . . . . .		▶ 58	12		00
13	<b>Total contributions.</b> Add line 1 through line 12. Enter here and on Side 1, line 34 . . . . .		13		

**Due to a tax law change, renter's credit has been eliminated for 1994 and 1995.  
For these years you may not claim the credit on your personal income tax return.**

**YOU CAN USE THIS FORM IF:**

- Your federal adjusted gross income is \$100,000 or less.
- You have dependents.
- You had only income from:
  - ▶ Wages, salaries, tips;
  - ▶ Interest and dividends;
  - ▶ Taxable scholarship or fellowship grants;
  - ▶ Unemployment compensation;
  - ▶ Social security benefits;
  - ▶ Tier 1 and tier 2 railroad retirement benefits; or
  - ▶ Fully and partially taxable IRA distributions, pensions or annuities.
- You make adjustments only to the categories of income listed above.
- You claim the standard deduction or the only difference between your federal itemized deductions and your California itemized deductions is for local, state or foreign tax paid.
- You made estimated tax payments or you made payments using an extension voucher.
- You claim no credits other than exemption credits.

**COMPLETING YOUR RETURN**

- Be sure to file your return by April 17, 1995.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to the front of your Form 540A.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return.
- If you cannot file your return by April 17, 1995 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 17, 1995 to avoid late payment penalties and interest.

**Do not attach your federal return to this return.**

Sign Here It is unlawful to forge a spouse's signature.	Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete.			9
	Your signature	Spouse's signature (if filing jointly, both must sign)	Date	
	X	X		
Do not attach your federal return to this return.	Signature of paid preparer (declaration of preparer is based on all information of which preparer has any knowledge)			Preparer's SSN/FEIN
	Firm's name (or yours if self-employed)			Firm's address

# Instructions for California Resident Income Tax Return — Form 540A

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993**, and the California Revenue and Taxation Code (R&TC).

**Before You Begin** You must complete your federal income tax return (Form 1040, Form 1040A or Form 1040EZ) before you begin your Form 540A. You will use the information you entered on your federal income tax return to complete your Form 540A. Be sure to complete and mail the Form 540A with the blue shading.

**Step 1**  
**Name and Address**

If there is a label on the front of your booklet:

1. Complete your blue Form 540A **before** you remove the address label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your address label from the front of your booklet and attach it on the front of your Form 540A in the space provided at the top.
4. Make sure the information on your address label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number, and address in the space provided at the top of Form 540A.

If you file a joint return, show your social security numbers in the same order as you show your names.

**Step 2**  
**Filing Status**

Check only one of the boxes on line 1 through line 5. Be sure to enter the required information if you check a box on line 3, line 4 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return.

**Exception:** Married taxpayers who file a joint federal income tax return may file either a joint return or separate returns if:



- Either spouse was an active member of the United States armed forces or any auxiliary military branch during 1994; or
- Either spouse was a nonresident for the entire year and had no income from California sources during 1994.

However, if you file a joint return and if either spouse was a nonresident in 1994, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

**Line 1 – Single.** You may check the box on line 1 if **any** of the following was true on December 31, 1994:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 1994 and did not remarry in 1994.

**Line 2 – Married filing joint return.** You may check the box on line 2 if **any** of the following is true:

- You were married as of December 31, 1994, even if you did not live with your spouse at the end of 1994;
- Your spouse died in 1994 and you did not remarry in 1994; or
- Your spouse died in 1995 before filing a 1994 return.

**Line 3 – Married filing separate return.** If you check the box on line 3 be sure to enter the name of your spouse on line 3 and enter his or her social security number in "Step 1." Also, if you file a separate return, you cannot take the standard deduction if your spouse itemizes deductions.

**Note:** You may be able to file as head of household if you had a child living with you and you lived apart from

your spouse during the last 6 months of 1994. See "Married persons who live apart" in the instructions for line 4.

**Line 4 – Head of household.** This filing status is for unmarried individuals who provide a home for certain other persons. (Some married persons who live apart may also qualify.)



You may check the box on line 4 if you were divorced or legally separated as of December 31, 1994, or have never been married, **and:**

- You paid over half the cost of keeping up a home that was the main home for all of 1994 of your **parent** whom you can claim as a dependent. Your parent must have been a U.S. citizen, a resident of Canada or a resident of Mexico. Your parent did not have to live with you in your home; or
- You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (temporary absences, such as for school or vacations, count as time lived in the home):

1. Your **unmarried** child, grandchild, great-grandchild, etc., stepchild or adopted child. This child does not have to be your dependent. If this child is not your dependent, be sure to enter that child's name in the space provided on line 4.

**Note:** Your foster child must be your dependent and must have lived with you the entire year.

2. Your **married** child, grandchild, great-grandchild, etc., stepchild or adopted child. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for children of divorced or separated parents, this child does not have to be your dependent. Refer to the instructions for federal Form 1040 or 1040A for more information about children of divorced or separated parents.

3. Any other relative you can claim as a dependent. A relative is:

- Your child, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; or a foster child (any child who lived in your home as a family member for the whole year).
- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, stepparent, parent-in-law.
- Your grandparent, great-grandparent, etc.
- Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law.
- If related by blood, your aunt, uncle, nephew, niece.

**Note:** Any relationships established by marriage are not treated as ended by divorce or death.

**Married persons who live apart.** Even if you were not divorced or legally separated in 1994, you may be considered unmarried and file as head of household. You can take the standard deduction even if your spouse itemizes deductions. You may check the box on line 4 if **all five** of the following apply:

1. You file a separate return from your spouse; and
2. You lived apart from your spouse during the last 6 months of 1994; and

3. You paid over half the cost of keeping up your home for 1994; and
4. Your home was the main home of your child, adopted child, stepchild, for more than half of 1994 or the main home of your foster child for the entire year; and
5. You claim this child as your dependent or the child's other parent claims him or her. If this child is not your dependent, be sure to enter the child's name on line 4.

**Note:** If this child is your foster child, the child must be your dependent.

Get FTB Publication 1540, Tax Information for Head of Household, for more information.

**Line 5 – Qualifying Widow(er) with dependent child.** You may check the box on line 5 and use the joint return tax rates for 1994 if **all five** of the following apply:

1. Your spouse died in 1992 or 1993 and you did not remarry in 1994; and
2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
3. This child lived in your home for all of 1994. Temporary absences, such as for vacation or school, count as time lived in the home; and
4. You paid over half the cost of keeping up your home for this child; and
5. You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

**Note:** If your spouse died in 1994, you may not file as a qualifying widow(er) with dependent child. Instead see the instructions for line 2.

### Step 3 Exemptions

An exemption credit is an amount that reduces your tax. However, your exemption credit is not refundable.

#### Line 6 – Dependent Check Box



601

Check the box on line 6 **only** if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return even if that person chooses not to.

- If single or married filing separate, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and both you and your spouse can be claimed as dependents, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and only one spouse can be claimed as a dependent, ignore the instructions for line 7 and enter 1 on line 7.

When you get to "Step 4," you must use the "Standard Deduction Worksheet for Dependents" in the instructions for line 15.

#### Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

#### Line 9 – Senior Exemptions

If either you or your spouse is 65 years of age or older, you should claim an additional exemption credit on line 9.

#### Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write the dependent's name and relationship to you in the space provided. **Do not** list the same person

you list on line 4. Enter on line 10 the total number of dependents listed.

The persons you list as dependents on your Form 540A must be the same persons you listed as dependents on your federal income tax return.

### Step 4 Taxable Income

Refer to your completed federal income tax return to complete "Step 4."

#### Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return. In addition, there may be differences between the taxable amounts of federal and California IRA distributions, pensions and annuities. For more information, see the instructions for Side 2, Part I, below.

### Instructions For Side 2, Part I California Income Adjustments

#### Part I,

##### Line 1 – State Income Tax Refund

California does not tax your state income tax refund. Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or 1040EZ, enter -0- on line 1.

#### Part I,

##### Line 2 – Unemployment Compensation

California does not tax unemployment compensation. Enter the amount of any unemployment compensation shown on your federal Form 1040A, line 12, or Form 1040, line 19. If you filed Form 1040EZ, enter -0- on line 2.

#### Part I,

##### Line 3 – Social Security Benefits – (and tier 1 or tier 2 railroad retirement benefits)

California does not tax social security benefits, tier 1 or tier 2 railroad retirement benefits, sick pay received under the Railroad Unemployment Insurance Act or any amounts shown on your Form RRB-1099-R and reported on your federal Form 1040, line 16b or Form 1040A, line 11b. Enter the amount of these benefits shown on your federal Form 1040A, line 11b and line 13b, or Form 1040, line 16b and line 20b. If you filed federal Form 1040EZ, enter -0- on line 3.

#### Part I,

##### Line 4 – California Nontaxable Interest or Dividend Income

If you received interest from municipal or state bonds from a state other than California, you cannot use Form 540A. You must use Form 540.

California does not tax interest earned from:

- United States savings bonds;
- United States treasury bills; and
- bonds or obligations of the United States and U.S. territories, and government agency obligations specifically exempted by federal law.

Enter only the amount of interest you received from these sources and which you included in the amount reported on your federal Form 1040A, line 8a, or Form 1040, line 8a, or Form 1040EZ, line 2.

Do not enter the amount of interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities. This interest is taxed by California.

Certain mutual funds are qualified to pay "exempt-interest dividends" if more than 50% of their assets



consist of tax-exempt government obligations. The portion of the dividends that is tax-exempt will be shown on your annual statement.

If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 4. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you can not use Form 540A. You must use Form 540.

**Part I,****Line 5 – Individual Retirement Account (IRA) Distributions**

The method of taxing income from IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions. Prior to 1987, the maximum IRA contribution you were allowed to deduct from California income was different than the amount you were allowed to deduct from federal income. For this reason, the amount of your IRA distribution taxed by California may be different than the amount taxed under federal law.

Report the differences between California and federal taxable IRA distributions on line 5. Be sure to attach Form 1099-R to your Form 540A. Get FTB Pub. 1005, Pension and Annuity Guidelines, for more information.

**Part I,****Line 6 – Pensions and Annuities**

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 5-year or 10-year averaging method. However, you must file a Form 540 to use these methods. Get the instructions for Form 540 and Schedule G-1, Tax on Lump-Sum Distributions, (not in this booklet) for more information.

If your annuity starting date was after 7/1/86 and before 1/1/87 and if you elected to use the 3-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the total distribution shown on your Form 1099-R in box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 6. For example: "(12,325)." Combine line 1 through line 6. If the result is less than zero, enter the amount in parentheses on line 7 and on Side 1, line 13. In this case only, treat the amount on line 13 as a positive number and add it to the amount on line 12.

However, see "Married persons who live apart," on page 15.

**If you take the standard deduction,** find the correct amount from the "Standard Deduction Chart For Most People" or complete the "Standard Deduction Worksheet For Dependents" below. Enter your standard deduction on Form 540A, line 15.

**If you itemize your deductions,** complete the "Itemized Deductions Worksheet" on page 18.

If you itemize your deductions on your Form 540A but not on your federal income tax return, first complete federal Schedule A, Itemized Deductions. Then complete the California "Itemized Deductions Worksheet." Do not attach the federal Schedule A to this return.

**Standard Deduction Chart For Most People**

Do not use this chart if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return.

Your Filing Status	Enter On Line 15
1 – Single . . . . .	\$2,431
2 – Married filing joint return. . . . .	\$4,862
3 – Married filing separate return. . . . .	\$2,431
4 – Head of household. . . . .	\$4,862
5 – Qualifying widow(er) . . . . .	\$4,862

**Note:** The California standard deduction amounts are less than the federal standard deduction amounts.

**Standard Deduction Worksheet For Dependents**

Use this worksheet only if your parent(s), or someone else, can claim you as a dependent on their tax return.

- Enter your earned income from line 1 of the federal "Standard Deduction Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040, or line A of the worksheet found in the instructions for federal Form 1040EZ . . . . .
- Minimum standard deduction . . . . . \$600.00
- Compare the amounts on line 1 and line 2. Enter the **larger** of the two amounts here . . . . .
- Enter the amount shown below for your filing status.
 

<ul style="list-style-type: none"> <li>• Single or married filing separate, enter \$2,431</li> <li>• Married filing joint, head of household or qualifying widow(er), enter \$4,862</li> </ul>	}	. . . . .
--	---	-----------
- Standard deduction.** Compare the amounts on line 3 and line 4. Enter the **smaller** of the two amounts here and on your Form 540, line 18 . . . . .

**Instructions For Side 1 (con't. from page 16)****Line 14 – California Adjusted Gross Income**

Subtract line 13 from line 12. Enter the result on line 14. If the result is less than zero, enter the amount in parentheses. For example: "(12,325)."

**Line 15 – Standard Deduction OR Itemized Deductions**

You must decide whether to take the standard deduction or to itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Your California income tax will be less if you take the **larger** of:

- your standard deduction (see either the "Standard Deduction Chart For Most People" or the "Standard Deduction Worksheet For Dependents" to the right); or
- your total itemized deductions (see the "Itemized Deductions Worksheet" on page 18).

If you are married, file a separate return, and itemize deductions, your spouse should also itemize deductions because he or she cannot claim the standard deduction.

**Itemized Deductions Worksheet**

1. Enter the amount of itemized deductions from line 29 of your federal Schedule A, Itemized Deductions . . . . . \_\_\_\_\_
2. Enter the amount from federal Schedule A, line 5, and any amounts included on federal Schedule A, line 8 as deductions for State Disability Insurance (SDI) or foreign income taxes, if any . . . . . \_\_\_\_\_
3. Subtract line 2 from line 1. This amount is your total **itemized deductions** for California. . . . . \_\_\_\_\_
4. Enter the **standard deduction** for your filing status as shown on the "Standard Deduction Chart for Most People." If your parent(s), or someone else, can claim you as a dependent on their tax return, complete the "Standard Deduction Worksheet For Dependents" on page 17. Enter the amount from line 5 of that worksheet on line 4 of this worksheet . . . . . \_\_\_\_\_
5. Compare the amounts on line 3 and line 4 above. Enter the **larger** of the two amounts here and on Form 540A, line 15 . . . . . \_\_\_\_\_

**Step 5  
Tax and  
Credits**

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

**Line 17 – Tax**

To figure your tax on the amount shown on line 16, use one of the following methods:

- **Tax Table.** If your taxable income on line 16 is \$50,000 or less, you must use the tax table on pages 44 through 46.
- **Tax Rate Schedule.** If your taxable income on line 16 is over \$50,000, you must use the tax rate schedules on page 46.

**Line 18 – Exemption Credits**

Is your California adjusted gross income, Form 540A, line 14 more than:

- \$20,000 if married filing separate;
- \$30,000 if single or head of household; or
- \$40,000 if married filing joint or qualifying widow(er)?

**No.** Use the table below to determine the amount to enter on line 18.

**Exemption Credit Table**

If the number of exemp- tions on line 11 is:	Enter this amount on line 18:
1	\$ 65
2	\$130
3	\$195
4	\$260
5	\$325
6 or more	Multiply the amount on Form 540A, line 11 by \$65. Enter the result on line 18.

**Yes.** Your exemption credits may be limited. Complete the Exemption Credit Limitation Worksheet that follows.

**Exemption Credit Limitation Worksheet**

- A. Enter the amount from Form 540A, line 14 . . . . . \_\_\_\_\_
  - B. Enter:
 

\$40,000 if married filing joint or qualifying widow(er); \$30,000 if single or head of household; or \$20,000 if married filing separate.	}	
--	---	--
  - C. Subtract line B from line A. . . . . \_\_\_\_\_
  - Note:** If line B is equal to or more than line A, stop. Your credits are not limited. Use the Exemption Credit Table.
  - D. Enter the amount from Form 540A, line 17 . . . . . \_\_\_\_\_
  - E. Multiply line C by 8.5% (.085). . . . . \_\_\_\_\_
  - F. Subtract line E from line D. . . . . \_\_\_\_\_
  - Note:** If line E is more than line D, stop. You cannot use Form 540A. You must use Form 540.
  - G. Multiply the amount on Form 540A, line 11 by \$65 . . . . . \_\_\_\_\_
  - H. Subtract line G from line F. . . . . \_\_\_\_\_
- If the result is zero or more than zero, enter the amount from line G on Form 540A, line 18.  
If the result is a negative number, you cannot use Form 540A. You must use Form 540.

**Step 6  
Overpaid  
Tax or  
Tax Due****205****Line 24 – California Income Tax Withheld**

Enter on line 24 the total amount shown as California income tax withheld on your:

- Form(s) W-2, box 18;
- Form(s) W-2G, box 14; or
- Form 1099-R, box 10.

**Caution:** Do not include local tax withheld or tax withheld by other states.

If you received a Form 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, include the amount withheld in the total on line 24.

**204**

If you do not have a Form W-2, see the instructions for "Sign Your Return" on page 20.

**Line 25 – 1994 California Estimated Tax Payments And Amount Applied From 1993 Return (And Payment Made With Extension Payment Voucher)**

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 1994;
- overpayment from your 1993 California income tax return that you applied to your 1994 estimated tax; and
- payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid or you may each claim part of it.

Attach a statement, signed by you and your spouse, explaining how you want your payments divided. Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining

that payments have been made under both social security numbers.

**Line 28 – Overpaid Tax**

If the amount on line 27 is more than the amount on line 23, then your payments and credits are more than your tax. Subtract the amount on line 23 from the amount on line 27. Enter the result on line 28. This is the amount of your overpaid tax.

If the amount on line 27 is less than the amount on line 23, go to line 31.

**Line 29 – Amount You Want Applied To Your 1995 Estimated Tax**

If you pay estimated tax, you may apply \$5.00 or more of the amount on line 28 to your 1995 estimated tax. Enter on line 29 the amount of line 28 you want applied to your 1995 estimated tax.

**Line 30 – Amount of Overpaid Tax Available This Year**

If you entered an amount on line 29, subtract that amount from line 28. Enter the result on line 30. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 31 and go to the instructions for "Step 7."

**Line 31 – Tax Due**

If the amount on line 27 is less than the amount on line 23, then your tax is more than your payments and credits. Subtract the amount on line 27 from the amount on line 23. Enter the result on line 31. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- the tax due on line 31 is \$100 or more; and
- the amount of state income tax withheld on line 24 is less than 80% of the amount of your total tax on line 23.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may make contributions to the California Seniors Special Fund or make voluntary contributions by adding them to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540A.

**Step 7  
Refund or  
Amount  
You Owe**

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

**Contributions**

You may make contributions to the California Seniors Special Fund or you may make voluntary contributions of \$1 or more in whole dollar amounts. If you make one or more contributions, you must complete Side 2, Part II. You may contribute only to the funds listed in Part II and cannot change the amount you contributed after you file your return.

**Instructions For Side 2, Part II  
Contributions****Part II,****Line 1 – Contribution to California Seniors Special Fund**

If you or your spouse claim the senior exemption credit on line 9, you may each make a contribution of up to \$65 to the California Seniors Special Fund. Your contribution will be used to provide direct services to seniors such as meals, adult day care and transportation. The actual use of the funds will be determined at the local level by the Area Agency on Aging, its Advisory Council

of Seniors and the senior community. On line 1, enter the amount of your contribution (if you contribute, do not enter more than \$65; if you and your spouse contribute, do not enter more than \$130).

**Part II,****Line 2 – Alzheimer's Disease/Related Disorders Fund**

Contributions entered on line 2 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

**Part II,****Line 3 – California Fund For Senior Citizens**

Contributions entered on line 3 will be used by the California Fund for Senior Citizens which supports the work of the California Senior Legislature and direct services to seniors. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

**Part II,****Line 4 – Rare And Endangered Species Preservation Program**

Contributions entered on line 4 will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment of you and future generations of Californians.

**Part II,****Line 5 – State Children's Trust Fund For The Prevention Of Child Abuse**

Contributions entered on line 5 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

**Part II,****Line 6 – California Breast Cancer Research Fund**

Contributions entered on line 6 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

**Part II,****Line 7 – Veterans Memorial Account**

Contributions entered on line 7 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

**Part II,****Line 8 – California Firefighters' Memorial Fund**

Contributions entered on line 8 will be used for the construction of a memorial to California firefighters on the grounds of the State Capitol.

**Part II,****Line 9 – California Public School Library Protection Fund**

Contributions entered on line 9 will be expended for the purchase of books and library media technology through grants awarded to schools.

**Part II,****Line 10 – California Olympic Training Fund**

Contributions entered on line 10 will be used by the United States Olympic Committee for Olympic activities in California.

**Part II,****Line 11 &****Line 12 – California Election Campaign Fund**

You may make a contribution of \$1, \$5, \$10 or \$25 to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name in the space provided on line 11, and enter the amount of your contribution.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 12. You and your spouse may each contribute a maximum of \$25.

**Part II,****Line 13 – Total Contributions**

Add all contributions you entered on line 1 through line 12. Enter the result on Side 2, Part II, line 13, and on your Form 540A, line 34.

## Instructions for Form 540A, Side 1 (con't.)

**Line 34 – Total Contributions**

On line 34, enter the amount of your total contributions from Side 2, Part II, line 13. If you did not complete Part II, do not enter an amount on line 34.

If you show an amount on line 30, you must subtract the amount you contribute from the amount of overpaid tax.

If you show an amount on line 31, you must add the amount you contribute to your tax due.

**Line 35 – Refund Or No Amount Due**

If you did not enter an amount on line 34, enter the amount from line 30 on line 35. This is the amount that will be refunded to you. If the amount is less than \$1, attach a written request to your Form 540A to receive the refund.

If you entered an amount on line 34, subtract that amount from the amount on line 30. If the result is zero or more, enter the result on line 35. Then skip to the instructions for line 37.

If the result is less than zero, your contributions are more than your overpaid tax available on line 30. In this case, do not enter an amount on line 35. Instead, subtract the amount on line 30 from the amount on line 34. Enter the result on line 36 and see the instructions for line 36.

**Line 36 – Amount You Owe**

If you did not enter an amount on line 34, enter the amount from line 31 on line 36. This is the amount you owe with your Form 540A.

If you entered an amount on line 34, add that amount to the amount on line 31. Enter the result on line 36. This is the amount you owe with your Form 540A.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1994 Form 540A" on your check or money order.
- Attach the check or money order to the front of your Form 540A in the area below the words "Step 3, Exemptions."

- When you mail your Form 540A and payment, make sure the check or money order is not covered up by your Form(s) W-2 or any other items.

A penalty may be imposed if your check is returned by your bank for insufficient funds. To avoid a late filing penalty, file your Form 540A by the due date even if you cannot pay the amount you owe.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in a separate envelope from the one you use to pay the amount you owe with Form 540A.

**Line 37 – Underpayment Of Estimated Tax**

You may owe a penalty if:

- line 31 is \$100 or more and more than 20% of the tax shown on line 23; or
- you underpaid your 1994 estimated tax liability for any payment period. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or if you want, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty and to figure the amount. If you complete form FTB 5805, enter the amount of the penalty on line 37 and check the box at line 37. You must complete and attach form FTB 5805 if you claim a waiver or use the annualized income installment method.

**Note:** Do not reduce the amount on line 28 or increase the amount on line 31 by any penalty or interest amounts.

Sign  
Your  
Return

You must sign your return in the space provided. If you file a joint return, your spouse must sign it also.

**Paid Preparer's Information**

If you pay a person to prepare your Form 540A, that person must sign and complete the area at the bottom of Side 2. A paid preparer must give you two copies of your return: one to file with the Franchise Tax Board and one to keep for your records. Make sure that your name, address and social security number are correct.

**Attach Your Form(s) W-2 To Your Return**

You must attach Copy 2 of all Form(s) W-2, W-2G and 1099-R to your return over the area on the front of Form 540A labeled "Step 6, Overpaid Tax or Tax Due."



204

If you do not receive your Form W-2 by January 31, contact your employer. Only your employer can give you or correct a Form W-2.

If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or 1099-R Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc.



613

If you forget to send your Form(s) W-2 with your return, do not send it until the Franchise Tax Board requests the Form(s) W-2 from you.

**Important:** Do not attach a copy of your federal income tax return to your Form 540A.



202

**Mailing Addresses**

If you have a refund, or if you have no amount due, mail your return to:

**Franchise Tax Board**  
P.O. Box 942840  
Sacramento, CA 94240-0000

If you owe money, mail your return to:

**Franchise Tax Board**  
P.O. Box 942867  
Sacramento, CA 94267-0001



611

# California Resident Income Tax Return 1994

FORM

540A

Use the California mailing label. If you do not have the label, please print or type.

## Step 1 Name and Address

Your first name and initial	Last name	Your social security number	<b>Do Not Write In These Spaces</b>
If joint return, also give spouse's name and initial	Last name	Spouse's social security number	
Present home address — number and street including P.O. Box or rural route		Apt. no.	
City, town or post office, state and ZIP code			
			P
			AC
			A
			R
			RP

## Step 2 Filing Status

Check only one.

- 1 ☐ Single  
2 ☐ Married filing joint return (even if only one spouse had income)  
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_  
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name \_\_\_\_\_  
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 \_\_\_\_\_.

## Step 3 Exemptions

Do not  
enter dollar  
amounts in  
the boxes.Attach check or  
money order here.

- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, line 3, line 4 or line 5, see page 16 . . . . . ● 6 ☐
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 . . . . . 7 ☐
- 8 Blind: If you or your spouse is visually impaired, enter 1. If both are visually impaired, enter 2 . . . . . 8 ☐
- 9 Senior: If you or your spouse is 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9 ☐
- 10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person you listed on line 4. \_\_\_\_\_ Enter the total number of dependents 10 ☐
- 11 Add line 7 through line 10. These are your total exemptions . . . . . 11 ☐

## Step 4 Taxable Income

- 12 Federal adjusted gross income from your Form 1040EZ, line 3, your Form 1040A, line 16, or your Form 1040, line 31. If this amount is over \$100,000, STOP; you must file Form 540 . . . . . 12 \_\_\_\_\_
- 13 Total California income adjustments. Enter the amount from Side 2, Part I, line 7 . . . . . ● 13 \_\_\_\_\_
- 14 Subtract line 13 from line 12. This is your California adjusted gross income. See page 17 . . . . . ● 14 \_\_\_\_\_
- 15 Enter the { • Your **standard deduction** } See pages 17 and 18 for the chart or worksheet that  
larger of: { • Your **itemized deductions** } applies to you. Be sure to enter an amount on this line ● 15 \_\_\_\_\_
- 16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- . . . . . 16 \_\_\_\_\_

## Step 5 Tax and Credits

- 17 Tax. Use the tax table on page 44 or tax rate schedules on page 46 to find the tax on the amount shown on line 16 . . . . . 17 \_\_\_\_\_
- 18 Exemption credits. If line 14 is \$20,000 or less, multiply \$65 by the amount on line 11. If line 14 is more than \$20,000, see page 18 . . . . . 18 \_\_\_\_\_
- 23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23 \_\_\_\_\_

## Step 6 Overpaid Tax or Tax Due

Attach copy of your  
Form(s) W-2, W-2G  
and 1099-R here.

- 24 California income tax withheld. Enter total from all 1994 Form(s) W-2, W-2G and 1099-R. . . . . ■ 24 \_\_\_\_\_
- 25 1994 California estimated tax and amount applied from 1993 return. Include amount paid with extension payment voucher, form FTB 3519 . . . . . ■ 25 \_\_\_\_\_
- 27 Add line 24 and line 25. These are your total payments and credits . . . . . 27 \_\_\_\_\_
- 28 If line 27 is more than line 23, subtract line 23 from line 27. This is your overpaid tax. . . . . 28 \_\_\_\_\_
- 29 Enter the amount of line 28 you want applied to your 1995 estimated tax . . . . . ■ 29 \_\_\_\_\_
- 30 Subtract line 29 from line 28. This is the amount of overpaid tax available this year. . . . . ■ 30 \_\_\_\_\_
- 31 If line 27 is less than line 23, subtract line 27 from line 23. This is the amount of tax due. . . . . 31 \_\_\_\_\_

## Step 7 Refund or Amount You Owe

- 34 Total contributions. Enter amount from Side 2, Part II, line 13 . . . . . ● 34 \_\_\_\_\_
- 35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE**. Mail return to:  
**Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000** . . . . . ■ 35 \_\_\_\_\_
- 36 Add line 31 and line 34. This is the **AMOUNT YOU OWE**. Make a check or money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1994 Form 540A" on it. Attach it to your Form 540A and mail to:  
**Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001** . . . . . ■ 36 \_\_\_\_\_
- 37 Underpayment of estimated tax. If form FTB 5805 is attached, check here . . . . . ☐ ■ 37 \_\_\_\_\_

Continued on Side 2.

**Part I California Income Adjustments.** See instructions.

1	State income tax refund from Form 1040, line 10. See page 14 . . . . .	1	
2	Unemployment compensation from Form 1040A, line 12, or Form 1040, line 20. See page 14 . . . . .	2	
3	Social security benefits or tier 1 and tier 2 railroad retirement benefits. See page 14 . . . . .	3	
4	California nontaxable interest or dividend income. See page 14 . . . . .	4	
5	IRA distributions. See page 15 . . . . .	5	
6	Pensions and annuities. See page 15 . . . . .	6	
7	<b>Total California income adjustments.</b> Add line 1 through line 6. Enter here and on Side 1, line 13 . . . . .	7	

**Part II Contributions.**

1	Contribution to California Seniors Special Fund. See page 17 . . . . .	◀ 47 ▶	1		
You may make a voluntary contribution of \$1 or more to the following funds:					
2	Alzheimer's Disease/Related Disorders Fund . . . . .	◀ 48 ▶	2		00
3	California Fund for Senior Citizens . . . . .	◀ 49 ▶	3		00
4	Rare and Endangered Species Preservation Program . . . . .	◀ 50 ▶	4		00
5	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	◀ 51 ▶	5		00
6	California Breast Cancer Research Fund . . . . .	◀ 52 ▶	6		00
7	Veterans Memorial Account . . . . .	◀ 53 ▶	7		00
8	California Firefighters' Memorial Fund . . . . .	◀ 54 ▶	8		00
9	California Public School Library Protection Fund . . . . .	◀ 55 ▶	9		00
10	California Olympic Training Fund . . . . .	◀ 56 ▶	10		00
California Election } 11 Your political party _____ amount (\$25 maximum) . . . . .		▶ 57	11		00
Campaign Fund } 12 Spouse's political party _____ amount (\$25 maximum) . . . . .		▶ 58	12		00
13	<b>Total contributions.</b> Add line 1 through line 12. Enter here and on Side 1, line 34 . . . . .		13		

**Due to a tax law change, renter's credit has been eliminated for 1994 and 1995.  
For these years you may not claim the credit on your personal income tax return.**

**YOU CAN USE THIS FORM IF:**

- Your federal adjusted gross income is \$100,000 or less.
- You have dependents.
- You had only income from:
  - ▶ Wages, salaries, tips;
  - ▶ Interest and dividends;
  - ▶ Taxable scholarship or fellowship grants;
  - ▶ Unemployment compensation;
  - ▶ Social security benefits;
  - ▶ Tier 1 and tier 2 railroad retirement benefits; or
  - ▶ Fully and partially taxable IRA distributions, pensions or annuities.
- You make adjustments only to the categories of income listed above.
- You claim the standard deduction or the only difference between your federal itemized deductions and your California itemized deductions is for local, state or foreign tax paid.
- You made estimated tax payments or you made payments using an extension voucher.
- You claim no credits other than exemption credits.

**COMPLETING YOUR RETURN**

- Be sure to file your return by April 17, 1995.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to the front of your Form 540A.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return.
- If you cannot file your return by April 17, 1995 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 17, 1995 to avoid late payment penalties and interest.

**Do not attach your federal return to this return.**

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete.			<b>9</b>
It is unlawful to forge a spouse's signature.	Your signature	Spouse's signature (if filing jointly, both must sign)	Date	
	X	X		
	Signature of paid preparer (declaration of preparer is based on all information of which preparer has any knowledge)			Preparer's SSN/FEIN
Do not attach your federal return to this return.	Firm's name (or yours if self-employed)		Firm's address	

# California Resident Income Tax Return 1994

FORM

540

## Step 1 Name and Address

Use the California mailing label. Otherwise, please print or type. Fiscal year beginning _____, 1994, ending _____, 19		Do Not Write In These Spaces	
Your first name and initial _____	Last name _____		Your social security number _____
If joint return, also give spouse's name and initial _____			Spouse's social security number _____
Present home address — number and street including P.O. Box or rural route _____			Apt. no. _____
City, town or post office, state and ZIP code _____			
		P	
		AC	
		A	
		R	
		RP	

## Step 2 Filing Status

Check only one.

- 1 ☐ Single  
2 ☐ Married filing joint return (even if only one spouse had income)  
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_  
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name here. \_\_\_\_\_  
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19\_\_\_\_.

## Step 3 Exemptions

Do not enter  
dollar amounts  
in the boxes.Attach check or  
money order here.

- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, 3, 4 or 5, see page 25 . . . . . ● 6 ☐
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 . . . . . 7
- 8 Blind: If you or your spouse is visually impaired, enter 1. If both are visually impaired, enter 2 . . . . . 8
- 9 Senior: If you or your spouse is 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9
- 10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person listed on line 4. \_\_\_\_\_  
\_\_\_\_\_ Enter the total number of dependents 10
- 11 Total number of exemptions. Add line 7 through line 10. . . . . 11

## Step 4 Taxable Income

Attach copy of your  
Form(s) W-2, W-2G  
and 1099-R here.

- 12 State wages from your Form(s) W-2, box 17 . . . . . ● 12
- 13 Federal adjusted gross income from your Form 1040, line 31, your Form 1040A, line 16 or your Form 1040EZ, line 3 . . . . . 13
- 14 California adjustments — subtractions. Enter the amount from Schedule CA (540), line 31, column B . . . ● 14   
**Caution:** If the amount on Schedule CA (540), line 31, column B is a negative number, see page 41.
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 25 . . . . . 15
- 16 California adjustments — additions. Enter the amount from Schedule CA (540), line 31, column C . . . ● 16   
**Caution:** If the amount on Schedule CA (540), line 31, column C is a negative number, see page 41.
- 17 California adjusted gross income. Combine line 15 and line 16 . . . . . ● 17
- 18 Enter the **larger of:** { • Your **standard deduction** (see page 26), OR  
• Your **itemized deductions** (from Schedule CA (540), line 38). } . . . . . ● 18
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- . . . . . 19

## Step 5 Tax

- 20 Tax. Check if from ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 . . ● 20   
**Caution:** If under age 14 and you have more than \$1,200 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.
- 21 Exemption credits.  
**Caution:** See the line 21 instructions before making an entry on this line.  
Check if from ☐ line 21 instructions ☐ line 21 worksheet or ☐ Schedule P (540) . . . . . ● 21
- 22 Subtract line 21 from line 20. If less than zero, enter -0- . . . . . 22
- 23 Tax. Check if from ☐ Schedule G-1 and from ☐ form FTB 5870A. . . . . ● 23
- 24 Add line 22 and line 23. Continue to Side 2 . . . . . 24

Step 6  
Credits

25	Amount from Side 1, line 24 . . . . .	25	
28	Enter credit name _____ code no. _____ and amount . . . ▶	28	
29	Enter credit name _____ code no. _____ and amount . . . ▶	29	
30	Enter credit name _____ code no. _____ and amount . . . ▶	30	
31	To claim more than three credits, see page 6 . . . . . ●	31	
33	Add line 28 through line 31. These are your total credits . . . . .	33	
34	Subtract line 33 from line 25. If less than zero, enter -0- . . . . .	34	

Step 7  
Other Taxes

35	Alternative minimum tax. Attach Schedule P (540) . . . . . ●	35	
36	Other taxes and credit recapture from forms FTB 3518, FTB 3501, FTB 3805P, FTB 3805Z or FTB 3806. See page 9 . . . . . ●	36	
37	Add line 34 through line 36. This is your total tax . . . . . ●	37	

Step 8  
Payments

38	California income tax withheld. Enter total from your 1994 Form(s) W-2, W-2G, 1099-MISC and 1099-R . . . . . ■	38	
39	1994 California estimated tax and amount applied from your 1993 return. Include the amount from form FTB 3519 or Schedule K-1 (541) . . . . . ■	39	
41	Excess California SDI (or VPD) withheld. See page 9 . . . . . ■	41	
42	Add line 38 through line 41. These are your total payments . . . . .	42	

Step 9  
Overpaid Tax or Tax Due

43	If line 42 is more than line 37, subtract line 37 from line 42. This is your overpaid tax . . . . .	43	
44	Amount of line 43 you want applied to your 1995 estimated tax . . . . . ■	44	
45	Subtract line 44 from line 43. This is the amount of overpaid tax available this year . . . . . ■	45	
46	If line 42 is less than line 37, subtract line 42 from line 37. This is the tax due . . . . .	46	

Step 10  
Contributions

47	Contribution to California Seniors Special Fund. See page 10 . . . . . ●	47	
You may make a contribution of \$1 or more to:			
48	Alzheimer's Disease/Related Disorders Fund . . . . . ●	48	00
49	California Fund for Senior Citizens . . . . . ●	49	00
50	Rare and Endangered Species Preservation Program . . . . . ●	50	00
51	State Children's Trust Fund for the Prevention of Child Abuse . . . . . ●	51	00
52	California Breast Cancer Research Fund . . . . . ●	52	00
53	Veterans Memorial Account . . . . . ●	53	00
54	California Firefighters' Memorial Fund . . . . . ●	54	00
55	California Public School Library Protection Fund . . . . . ●	55	00
56	California Olympic Training Fund . . . . . ●	56	00
California Election } 57 Your political party _____ amount (\$25 max) ▶		57	00
Campaign Fund } 58 Spouse's political party _____ amount (\$25 max) ▶		58	00
59	Add line 47 through line 58. These are your total contributions . . . . . ●	59	

Step 11  
Refund or Amount You Owe

60	Subtract line 59 from line 45. You have a <b>REFUND OR NO AMOUNT DUE</b> . Mail your return to: <b>Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000</b> . . . . . ■	60	
61	Add line 46 and line 59. This is the <b>AMOUNT YOU OWE</b> . Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1994 Form 540" on it. Attach it to the front of your Form 540 and mail to: <b>Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001</b> . . . . . ■	61	

Step 12  
Interest and Penalties

62	Interest, late return penalties and late payment penalties . . . . .	62	
63	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here . . . . . <input type="checkbox"/> ■	63	
64	If you do <b>not</b> need California income tax forms mailed to you next year, check here . . . . . ● <input type="checkbox"/>	64	

Sign Here

It is unlawful to forge a spouse's signature.

**IMPORTANT: See the instructions for information on who must attach a copy of their federal income tax return and federal schedules.** 9

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Your signature	Spouse's signature (if filing joint, both must sign)	Date
X	X	
Signature of paid preparer (declaration of preparer is based on all information of which preparer has any knowledge)		Preparer's SSN/FEIN
Firm's name (or yours if self-employed)		Firm's address



# Instructions for Form 540 — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993**, and the California Revenue and Taxation Code (R&TC).

**Before You Begin** You must complete your federal income tax return (Form 1040, 1040A or 1040EZ) before you begin your California Form 540. You will use the information you entered on your federal income tax return to complete your Form 540. Be sure to complete and mail the Form 540 with the blue shading.

**Step 1 Name and Address** If there is a label on the front of your booklet:

1. Complete your blue Form 540 **before** you remove the label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your label from the front of your booklet and attach it to the front of your Form 540 in the space provided at the top.
4. Make sure the information on your label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number and address in the spaces provided at the top of Form 540.

If you file a joint return, show your social security numbers in the same order as you show your names.

**Step 2 Filing Status** Check only one of the boxes on line 1 through line 5. Be sure to enter the required information if you check a box on line 3, 4 or 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return.

**Exception:** Married taxpayers who file a joint federal income tax return may file either a joint return or separate returns if either spouse was:



218

- an active member of the United States armed forces (or any auxiliary military branch) during 1994; or
- a nonresident for the entire year and had no income from California sources during 1994. However, if you file a joint return and if either spouse was a nonresident in 1994, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

#### If You Are Married and File a Separate Return

If you check the box on line 3, you must enter your spouse's name on line 3 and your spouse's social security number in the space provided in "Step 1" on Form 540.

**Note:** Community property rules apply to the separation of income if you use the married filing separate status. For more information, get FTB Pub. 1031, Guidelines for Determining Residency Status.



215

#### If You File as Head of Household

If you check the box on line 4, and if the qualifying person is a child but not your dependent, enter that child's name on line 4. Do not claim yourself or a non-relative as the qualifying individual for head of household. Get FTB Pub. 1540, Tax Information for Head of Household, for more information.

**Step 3 Exemptions** An exemption credit is an amount that reduces your tax. However, your exemption credit is not refundable.

#### Line 6 — Dependent Check Box



601

Check the box on line 6 **only** if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return even if that person chooses not to; and

- If single or married filing separate, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and both you and your spouse can be claimed as dependents, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and only one spouse can be claimed as a dependent, ignore the instructions for line 7 and enter 1 on line 7.

When you get to "Step 4" you must use the "Standard Deduction Worksheet for Dependents" in the instructions for line 18.

#### Line 8 — Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540 indicating you or your spouse are visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

#### Line 9 — Senior Exemptions

If either you or your spouse is 65 years of age or older, you should claim an additional exemption credit on line 9.

#### Line 10 — Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. **Do not** list the same person you listed on line 4. Enter on line 10 the total number of dependents listed.

The persons you list as dependents on your Form 540 must be the same persons you listed as dependents on your federal income tax return.

#### Step 4 Taxable Income

Refer to your completed federal income tax return to complete "Step 4."

#### Line 12 — State Wages

Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be in box 17 of Form W-2.

#### Line 14 — California Adjustments — Subtractions (from Schedule CA (540), line 31, column B)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 39. Enter on this line the amount from Schedule CA (540), line 31, column B.



#### Line 15 — Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: "(12,325)."

#### Line 16 — California Adjustments — Additions (from Schedule CA (540), line 31, column C)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 39. Enter on this line the amount from Schedule CA (540), line 31, column C.



**Line 18 – Standard Deduction OR Itemized Deductions**

You must decide whether to take the standard deduction or itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Your California income tax will be less if you take the **larger** of:

- your standard deduction (see either the “Standard Deduction Chart For Most People” or the “Standard Deduction Worksheet For Dependents,” below); or
- your total itemized deductions (see the instructions for Schedule CA (540), Part II).

If you are married and file a separate return, both you and your spouse must either itemize your deductions or take the standard deduction.

**If you take the standard deduction**, find the correct amount from the “Standard Deduction Chart For Most People” or complete the “Standard Deduction Worksheet For Dependents.” Enter your standard deduction on Form 540, line 18.

**If you itemize your deductions**, first complete Schedule CA (540), Part II. Then enter on Form 540, line 18 your California itemized deductions from Schedule CA (540), line 38.

**Note:** If you itemize your deductions on your Form 540 but not on your federal income tax return, first complete federal Schedule A, Itemized Deductions. Then see the instructions for Schedule CA (540), Part II, for state and federal differences in figuring itemized deductions. If your California itemized deductions on Schedule CA (540), line 38, are larger than your allowable California standard deduction, enter your total California itemized deductions on Form 540, line 18.

**Standard Deduction Chart For Most People**

Do not use this chart if your parent(s), or someone else, can claim you as a dependent on their tax return.

<b>Your Filing Status</b>	<b>Enter On Line 18</b>
1 – Single . . . . .	\$2,431
2 – Married filing joint return. . . . .	\$4,862
3 – Married filing separate return. . . . .	\$2,431
4 – Head of household. . . . .	\$4,862
5 – Qualifying widow(er). . . . .	\$4,862

**Note:** The California standard deduction amounts are less than the federal standard deduction amounts.

**Standard Deduction Worksheet For Dependents**

Use this worksheet only if your parent(s), or someone else, can claim you as a dependent on their tax return.

- Enter your earned income from line 1 of the federal “Standard Deduction Worksheet for Dependents” found in the instructions for federal Form 1040A or Form 1040, or line A of the worksheet found in the instructions for federal Form 1040EZ . . . . . \$600.00
- Minimum standard deduction. . . . . \$600.00
- Compare the amounts on line 1 and line 2.  
Enter the **larger** of the two amounts here . . . . . \_\_\_\_\_
- Enter the amount shown below for your filing status.
 

• Single or married filing separate, enter \$2,431	} . . . . . _____
• Married filing joint, head of household or qualifying widow(er), enter \$4,862	
- Standard deduction.** Compare the amounts on line 3 and line 4. Enter the **smaller** of the two amounts here and on your Form 540, line 18 . . . . . \_\_\_\_\_

**Line 20 – Tax**

Check the appropriate box on line 20. To figure your tax on the amount shown on line 19, use one of the following methods:

- **Tax Table.** If your taxable income is \$50,000 or less, you must use the tax table on pages 44 through 46.
- **Tax Rate Schedules.** If your taxable income is over \$50,000, you must use the tax rate schedules on page 46.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children with Investment Income, to figure the tax on the separate Form 540 of your child who was under age 14 on January 1, 1995, and who had more than \$1,200 of investment income. Attach form FTB 3800 to the child's Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$5,000 or less (but not less than \$500) on your return, complete form FTB 3803, Parent's Election to Report Child's Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 8, to the amount of your tax from the tax table or tax rate schedules. Enter your total tax on Form 540, line 20. Check the box labeled “FTB 3803.” Attach form(s) FTB 3803 to your return.

**Line 21 – Exemption Credits**

There are two limitations on exemption credits: a federal adjusted gross income (AGI) limitation and a California limitation computed on Schedule P (540), Alternative Minimum Tax and Credit Limitations — Residents. To find out if your exemption credits are affected by one or both of these limitations, you may need to complete one or more worksheets or Schedule P (540). Answer the following questions to figure the amount to enter on line 21.

- Is your federal AGI, Form 540, line 13 more than:
  - \$214,929 if married filing joint;
  - \$161,196 if head of household; or
  - \$107,464 if single or married filing separate?

**No.** Go to Question 2  
**Yes.** Go to Worksheet I.
- Did you complete federal Schedule C, D, E, or F?
 

**No.** Go to Question 3  
**Yes.** Get and complete Schedule P (540) through Part IV, line 1b to figure the amount of your exemption credits.
- Is your California AGI, Form 540, line 17, more than:
  - \$40,000 if married filing joint;
  - \$30,000 if single or head of household; or
  - \$20,000 if married filing separate?

**No.** Multiply the amount on Form 540, line 11 by \$65. Enter the result on Form 540, line 21 and check the box labeled “line 21 instructions.”  
**Yes.** Go to Question 4.
- Is your California AGI, Form 540, line 17, more than:
  - \$150,000 if married filing joint;
  - \$112,000 if single or head of household; or
  - \$75,000 if married filing separate?

**No.** Complete Worksheet II.  
**Yes.** Get and complete Schedule P(540) through Part IV, line 1b to figure the amount of your exemption credits.

**Step 5  
Tax**

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

**Worksheet I — Exemption Credit Limitation**

- a. Multiply the total number of exemptions from Form 540, line 11 by \$65 \_\_\_\_\_
- b. Enter the amount of federal AGI from Form 540, line 13 . . . . . \_\_\_\_\_
- c. Enter the amount shown for your filing status, below. . . . . \_\_\_\_\_
- \$107,464 if single or married filing separate.
  - \$161,196 if head of household.
  - \$214,929 if married filing joint or qualifying widow(er).

If line c is equal to or more than line b, **stop**. The federal AGI limitation does not affect your exemption credits. Go back to the line 21 instruction and continue with Question 2.

- d. Subtract line c from line b . . . . . \_\_\_\_\_
- Note:** If line d is more than \$25,000 (more than \$12,500 if married filing separate), **stop**. You may not claim any exemption credits. Enter -0- on Form 540, line 21 and check the box labeled "line 21 worksheet."
- e. Divide line d by \$2,500 (\$1,250 if married filing separate). If the result is not a whole number, round it up to the next higher whole number . . . . . \_\_\_\_\_
- f. Multiply line e by \$6 . . . . . \_\_\_\_\_
- g. Multiply line f by the total number of exemptions claimed on Form 540, line 11 . . . . . \_\_\_\_\_
- h. Subtract line g from line a . . . . . \_\_\_\_\_

If more than zero, enter the result. Then go back to the line 21 instructions and continue with Question 2.

If zero or less than zero, enter -0-. Also enter -0- on Form 540, line 21 and check the box labeled "line 21 worksheet."

**Worksheet II — Schedule P Credit Limitation**

- A. Enter the amount from Form 540, line 17 . . . . . \_\_\_\_\_
- B. Enter \$40,000 (\$30,000 if single or head of household; \$20,000 if married filing separate). . . . . \_\_\_\_\_
- C. Subtract line B from line A. . . . . \_\_\_\_\_
- Note:** If line B is equal to or more than line A, **stop**. Your exemption credits are not limited. Multiply the amount on Form 540, line 11 by \$65. Enter the result on Form 540, line 21 and check the box labeled "line 21 instructions."
- D. Enter the amount from Form 540, line 20 . . . . . \_\_\_\_\_
- E. If you used a Schedule G-1 or Form 5870A, enter the amount of tax figured on these forms . . . . . \_\_\_\_\_
- F. Add line D and line E. . . . . \_\_\_\_\_
- G. Multiply line C by 8.5% (.085). . . . . \_\_\_\_\_
- H. Subtract line G from line F. If less than zero, enter -0- and **stop**. Get and complete Schedule P (540) through Part IV, line 1b to figure the amount of your exemption credits . . . . . \_\_\_\_\_
- I. Multiply the amount from Form 540, line 11 by \$65 . . . . . \_\_\_\_\_
- J. Subtract line I from line H . . . . . \_\_\_\_\_

If the result is zero or a positive number, enter the amount from line I on Form 540, line 21 and check

the box labeled "line 21 instructions." (Or, if you had to complete Worksheet I, enter the amount from line h of Worksheet I on Form 540, line 21 and check the box labeled "line 21 worksheet.") If the result is less than zero, get and complete Schedule P (540) through Part IV, line 1b to figure the amount of your exemption credits.

**Line 23 — Tax From Schedule G-1 and Form FTB 5870A**

Check the applicable box(es) and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- form FTB 5870A, Tax on Accumulation Distribution of Trusts.

**Step 6  
Credits**

A variety of California tax credits are available to reduce your tax if you qualify. For most credits, you must attach a separate form or schedule to your Form 540.

To claim your credits, follow the specific instructions for each credit. In addition to any limitation specific to a credit, there is also an overall limitation on the total credit amount you can claim. First, figure the amount of that credit using the appropriate form, schedule or worksheet. Then, to see if this overall limitation affects your credits, answer the following question(s):

1. Were you instructed to complete Worksheet II in Step 5?
  - No.** The overall limitation does not affect your credits. Go to the instructions for Form 540, line 28. (However, if you were instructed in Step 5, Worksheet I to enter -0- on Form 540, line 21, get and complete Schedule P (540) to see if your credits are affected by the overall limitation.)
  - Yes.** Go to Question 2.
2. Were you instructed in Step 5 to complete Schedule P (540)?
  - No.** Go to Question 3.
  - Yes.** Get and complete Schedule P (540), Part IV to see if your credits are affected by the overall limitation.
3. Are your total credits (not including exemption credits) more than the amount on Worksheet II, line J?
  - No.** The overall limitation does not affect your credits. Go to the instructions for Form 540, line 28.
  - Yes.** Get and complete Schedule P (540), through Part IV to determine if your credits are affected by the overall limitation.

**Line 28  
through****Line 31 — Additional Credits**

Each credit is identified by a code number. To claim only one, two or three credits, enter the credit name, code number and amount of the credit on lines 28, 29 and 30. To claim more than three credits, use Schedule P (540). List three of the credits on lines 28, 29 and 30. Enter the total of any remaining credits from Schedule P (540) on line 31.

**Important:** Attach Schedule P (540) and any required supporting schedules or statements to your Form 540.

**Carryovers:** If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used.

If you claim a credit carryover for an expired credit and are not required to complete Schedule P (540), use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit. Otherwise, enter the amount of the

credit on Schedule P (540), Part IV, Section B and do not attach form FTB 3540.

### Credit for Joint Custody Head of Household — Code 170

**Note:** You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 1994 (or if married, you lived apart from your spouse for all of 1994 and you used the married filing separate filing status); and if you furnished more than one-half the household expenses for your home which also served as the home of your child, step-child or grandchild for at least 146 days but not more than 219 days of the taxable year. If the child is married, the child must be your dependent.

Also, the custody arrangement for the child must be part of a dissolution or separate maintenance settlement or must be part of a written agreement initiated by the parents prior to divorce proceedings.

Use the worksheet below to figure this credit.

- |   |       |
|---|-------|
| 1. Enter the amount from Form 540, line 24 . . . . .  | _____ |
| 2. Enter the form FTB 5870A tax, if any, included on Form 540, line 23 . . . . .                    | _____ |
| 3. Subtract line 2 from line 1 . . . . .  | _____ |
| 4. Credit percentage — 30% . . . . .  | x .30 |
| 5. Credit amount. Multiply line 3 by line 4. Enter the result or \$259, whichever is less . . . . . | _____ |

### Credit for Dependent Parent — Code 173

**Note:** You may not claim the credit for dependent parent if you used the single, head of household or qualifying widow(er) filing status.

You may claim this credit only if:

- you were married at the end of 1994 and you used the married filing separate filing status;
- your spouse was not a member of your household during the last six months of the year; and
- you furnished over one-half the household expenses for your dependent mother's or father's home, whether or not he or she lived in your home.

To figure the amount of this credit, use the worksheet above for the credit for joint custody head of household.

### Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- were 65 years of age or older on December 31, 1994;
- qualified as a head of household in 1992 or 1993 by providing a household for a qualifying individual who died during 1992 or 1993; and
- did not have adjusted gross income over \$42,032 for 1994.

**Note:** If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 1994 in order to claim this credit.

Use the following worksheet to figure this credit.

- |   |       |
|---|-------|
| 1. Enter the amount from Form 540, line 19 . . . . .  | _____ |
| 2. Credit percentage — 2% . . . . .   | x .02 |
| 3. Credit amount. Multiply line 1 by line 2. Enter the result or \$792, whichever is less . . . . . | _____ |

### Prison Inmate Labor Credit — Code 162

Employers who paid wages to prison inmates employed under an approved joint venture agreement may claim a

credit for wages paid. Get form FTB 3507, Prison Inmate Labor Credit, to figure this credit.

### Jobs Credit — Code 166

Employers who paid wages to employees certified to meet the requirements of Section 328 of the Unemployment Insurance Code may claim this credit for a portion of the wages paid. Get form FTB 3524, Jobs Credit, to figure this credit.

### Low-Emission Vehicles Credit — Code 160

You may claim this credit for the amount that was authorized by the California Energy Commission. The credit is only allowed on vehicles registered in California. To apply for certification, write to:

**California Energy Commission**  
1516 Ninth Street, MS 41  
Sacramento, CA 95814

### Enterprise Zone Employee Credit — Code 169

If you earned wages for work in an enterprise zone, you may be able to claim this credit. Get form FTB 3553, Enterprise Zone Employee Credit, to figure this credit.

### Political Contributions Credit Carryover — Code 184

You may claim a credit for political contributions only if a carryover is available from prior years. If the amount of this credit is larger than your tax, you may carry over any excess credit to future years until the credit is used. You must apply the carryover to the earliest year possible. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Note:** Do not carryover the unused portion of the contribution. You may only carry over the excess credit.

### Young Infant Credit Carryover — Code 161

You may claim this credit for maintaining a household for at least one dependent child under the age of 13 months only if a carryover is available from prior years. Get form FTB 3540, Credit Carryover Summary, to figure this credit unless you are required to complete Schedule P (540).

### Employer Ridesharing Credits — Codes 171, 191, 192 and 193

Employers who sponsor a ridesharing incentive program or provide subsidized public transit passes to their employees may claim these credits. Get form FTB 3518, Employer Ridesharing Credit, to figure these credits. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to claim a carryover from prior years for the cost of sponsoring a ridesharing program for your employees, or for operating a private, third-party ridesharing program (under former R&TC Sections 17053 and 17053.1).

### Employee Ridesharing Credit — Code 194

Employees in a nonemployer-sponsored vanpool program may claim this credit. Get form FTB 3572, Employee Ridesharing Credit, to figure this credit.

### Energy Conservation Credit Carryover — Code 182

You may claim this credit for the cost of installing energy conservation measures only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

### Residential Rental and Farm Sales Credit Carryover — Code 186

You may claim this credit for the sale of residential rental or farm property only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Employer Child Care Contribution Credit — Code 190**

Employers may claim a credit for their contributions to a qualified care plan made on behalf of any dependent under the age of 15 of the employer's California employee. Get form FTB 3501, Employer Child Care Program/Contribution Credit, to figure this credit.

**Recycling Equipment Credit — Code 174**

You may claim a credit for purchasing qualified property used to manufacture products composed of secondary waste material. Get form FTB 3527, Recycling Equipment Credit, to figure this credit.

**Credit for Child Adoption Costs — Code 197**

For the year in which an order of adoption is entered, you may claim a credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. Qualifying costs include the adoption-related:

- fees of the Department of Social Services or a licensed adoption agency;
- medical expenses not reimbursed by insurance; and
- travel expenses for the adoptive family.

**Note:** Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 for each qualified adoption.

- |   |       |
|---|-------|
| 1. Enter qualifying costs for each child              | _____ |
| 2. Credit percentage — 50% . . . . .                  | x .50 |
| 3. Credit amount. Multiply line 1 by line 2 . . . . . | _____ |

If line 3 is more than \$2,500, your allowable credit is \$2,500. You may carry over the excess credit to future years until the credit is used.

**Water Conservation Credit Carryover — Code 178**

You may claim this credit for the cost of installing water conservation measures only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Solar Pump Credit Carryover (Farmers Only) — Code 179**

You may claim this credit for the cost of installing a solar pump system only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Employer Child Care Program Credit — Code 189**

Employers may claim this credit for establishing a child care program or constructing a child care facility in California for use primarily by their employees. The credit is also available to building owners that establish a child care program for their tenant's employees. Get form FTB 3501, Employer Child Care Program/Contribution Credit, to figure this credit.

**Agricultural Products Credit Carryover — Code 175**

You may claim a credit for the cost of agricultural products donated to a nonprofit organization only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Enterprise Zone Hiring and Sales and Use Tax Credit — Code 176**

Employers may claim a credit equal to a percentage of wages paid to qualified individuals hired to work in an enterprise zone. Business operators may claim a credit equal to the sales or use tax paid on the purchase of machinery or machinery parts for use in an enterprise

zone. Get form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, to figure this credit.

**Program Area Hiring and Sales and Use Tax Credit — Code 177**

Employers who paid wages to employees who were formerly unemployed residents of high density unemployment areas (program areas) may claim this credit. Business operators who paid sales or use tax on the purchase of machinery or machinery parts for use in a program area may also claim this credit. Get form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, to figure this credit.

**Los Angeles Revitalization Zone (LARZ) Hiring and Sales and Use Tax Credit — Code 159**

Employers may claim a credit equal to a percentage of wages paid to qualified individuals hired to work in the Los Angeles Revitalization Zone (LARZ). Business operators may claim a credit equal to the sales or use tax paid on the purchase of machinery and equipment for use in the LARZ. Get form FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary, to figure this credit.

**Solar Energy Credit Carryover — Code 180**

You may claim this credit for the cost of installing solar energy systems only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Commercial Solar Energy Credit Carryover — Code 181**

You may claim this credit for the cost of installing commercial solar energy systems only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Commercial Solar Electric System Credit Carryover — Code 196**

You may claim a credit for a solar electric system installed on commercial premises located in California only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Research Credit — Code 183**

This credit is similar to the federal credit but is limited to costs for increasing research activities in California. Get form FTB 3523, Research Credit, to figure this credit.

**Orphan Drug Credit Carryover — Code 185**

You may claim this credit for the cost of conducting orphan drug research in California only if a carryover is available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure this credit.

**Low-Income Housing Credit — Code 172**

You may claim this credit if you undertake the development of low-income housing in California. Get form FTB 3521, Low-Income Housing Credit, to figure this credit.

**Credit for Prior Year Alternative Minimum Tax — Code 188**

You may claim this credit if you paid alternative minimum tax in a prior year but have no alternative minimum tax liability for 1994. Get form FTB 3510, Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries, to figure this credit.

**Other State Tax Credit — Code 187**

You may claim this credit, in certain cases, for net income tax paid to another state or U.S. possession on income also taxed by California. Get Schedule S, Other State Tax Credit, to figure this credit.

**Note:** No credit is allowed for income taxes paid to any city, the federal government or a foreign country.

**Line 34** – Subtract the amount on line 33 from the amount on line 25. Enter the result on line 34. If the amount on line 33 is more than the amount on line 25, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 34. Write "IRC Section 453 interest" or "IRC Section 453A interest" and the amount on the dotted line to the left of the amount on line 34.

**Step 7** Attach the specific form or statement required for each entry in this section.

**Other Taxes****Line 35 – Alternative Minimum Tax (AMT)**

If you claim certain types of deductions, exclusions and credits, you may be subject to California's AMT. Generally, you may owe AMT if your total income is more than:

- \$40,000 if you are married filing joint or qualifying widow(er); or
- \$30,000 if you are single or head of household; or
- \$20,000 if you are married filing separate.

Get and complete Schedule P (540) to figure the amount of tax to enter on line 35.

**Note:** A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of \$1,000 and the child's earned income. Get Schedule P (540) to see if the child owes this tax.

**Line 36 – Other Taxes and Credit Recapture**

If you used form(s) FTB 3518, Employer Ridesharing Credits; FTB 3501, Employer Child Care Program/ Contribution Credit; FTB 3805P, Additional Tax Attributable to Qualified Retirement Plans (Including IRAs), Annuities and Modified Endowment Contracts; FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary; or FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary, include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

**Step 8**  
**Payments****204**

Make sure you have your Form(s) W-2, W-2G, 1099-MISC and 1099-R before you begin this step.

If you received wages and do not have a Form W-2, see the instructions for "Sign Your Return" on page 32.

**205****Line 38 – California Income Tax Withheld**

Enter the total California income tax withheld from your:

- Form(s) W-2, box 18;
- Form(s) W-2G, box 14;
- Form 1099-MISC, box 11; or
- Form 1099-R, box 10.

**Caution:** Do not include local tax withheld or tax withheld by other states.

If you received Form(s) 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, real estate sales and partnership distributions, include the amount(s) withheld in the total on line 38.

**Line 39 – 1994 California Estimated Tax Payments and Amount Applied from 1993 Return (and Payment Made with Extension Payment Voucher)**

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 1994;
- overpayment from your 1993 California income tax return that you applied to your 1994 estimated tax;

- payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541);

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim a part of it. Attach a statement signed by you and your spouse explaining how you want your payments divided. Be sure to show both social security numbers on the separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments have been made under both social security numbers.

**Line 41 – Excess California SDI (or VPD) Withheld**

If more than \$412.97 of California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer, or if an employer withheld SDI (or VPD) at a rate of more than 1.30% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540, line 41. Contact the employer for a refund.

You may claim a credit for excess SDI (or VPD) only if:

- you had **two or more** employers during 1994;
- you received more than \$31,767 in wages during 1994 from these employers;
- your employers withheld more than \$412.97 of SDI (or VPD) from your wages; and
- the amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540.

Complete the worksheet below to figure the amount to enter on line 41. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) **separately for each spouse**.

	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here. . . .		
2. 1994 SDI (or VPD) limit . . .	-\$412.97	-\$412.97
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the result here and on Form 540, line 41 . . .		

**Note:** If zero or less, enter -0- on line 41.

**Step 9**  
**Overpaid Tax or Tax Due**

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 43 through line 46.

**Line 43 – Overpaid Tax**

If the amount on line 42 is more than the amount on line 37, subtract the amount on line 37 from the amount on line 42. Enter the result on line 43. Your payments and credits are more than your tax.

**Line 44 – Amount You Want Applied to Your 1995 Estimated Tax**

You may apply all or part of the amount on line 43 to your estimated tax for 1995. Enter on line 44 the amount of line 43 that you want applied to 1995.

**Line 45 – Amount of Overpaid Tax Available This Year**

If you entered an amount on line 44, subtract it from the amount on line 43. Enter the result on line 45. You may

have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you make a contribution, skip line 46 and go to the instructions for "Step 10."

**Line 46 – Tax Due**

If the amount on line 42 is less than the amount on line 37, subtract the amount on line 42 from the amount on line 37. Enter the result on line 46. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- the tax due on line 46 is \$100 or more; and
- the amount of state income tax withheld on line 38 is less than 80% of the amount of your total tax on line 37.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may make contributions to the California Seniors Special Fund or make voluntary contributions by adding them to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540.

**Step 10  
Contri-  
butions**

You may make contributions in whole-dollar amounts only. If you make one or more contributions, you must complete "Step 10." You may contribute only to the following funds and cannot change the amount you contributed after the return is filed.

If you have overpaid tax available on Form 540, line 45, the amount you contribute must be subtracted from your overpaid tax available. If you have tax due on Form 540, line 46, your total contributions must be added to your tax due.

**Line 47 – Contribution to California Seniors Special Fund**

If you or your spouse claim the senior exemption credit on line 9, you may each make a contribution of up to \$65 to the California Seniors Special Fund. Your contribution will be used to provide direct services to senior citizens such as meals, adult day care and transportation. The actual use of the funds will be determined at the local level by the Area Agency on Aging, its Advisory Council of Seniors and the senior community. On line 47, enter the amount of your contribution. If you contribute, do not enter more than \$65; if you and your spouse contribute, do not enter more than \$130.

**Voluntary Contributions**

You may make voluntary contributions of \$1 or more in whole dollar amounts.

**Line 48 – Alzheimer's Disease/Related Disorders Fund**

Contributions entered on line 48 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

**Line 49 – California Fund for Senior Citizens**

Contributions entered on line 49 will be used by the California Fund for Senior Citizens which supports the work of the California Senior Legislature and direct services to seniors. The California Senior legislature is a non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms;

and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

**Line 50 – Rare and Endangered Species Preservation Program**

Contributions entered on line 50 will help to protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.

**Line 51 – State Children's Trust Fund for the Prevention of Child Abuse**

Contributions entered on line 51 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

**Line 52 – California Breast Cancer Research Fund**

Contributions entered on line 52 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

**Line 53 – Veterans Memorial Account**

Contributions entered on line 53 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

**Line 54 – California Firefighters' Memorial Fund**

Contributions entered on line 54 will be used for the construction of a memorial to California firefighters on the grounds of the State Capitol.

**Line 55 – California Public School Library Protection Fund**

Contributions entered on line 55 will be expended for the purchase of books and library media technology through grants awarded to schools.

**Line 56 – California Olympic Training Fund**

Contributions entered on line 56 will be used by the United States Olympic Committee for Olympic activities in California.

**Line 57****& Line 58 – California Election Campaign Fund**

A contribution of \$1, \$5, \$10 or \$25 may be made to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name and contribution amount on line 57.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 58. You and your spouse may each contribute a maximum of \$25.

**Line 59 – Total Contributions**

Add line 47 through line 58. Enter the result on line 59. If you show an amount on Form 540, line 45, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on Form 540, line 46, you must add your total contributions to your tax due.

**Step 11  
Refund or  
Amount  
You Owe**

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

**Line 60 – Refund or No Amount Due**

If you did not enter an amount on line 59, enter the amount from line 45 on line 60. This is the amount that will be refunded to you. If this amount is less than \$1, you must attach a written request to your Form 540 requesting the refund.

If you entered an amount on line 59, subtract it from the amount on line 45. If the result is zero or more, enter it on line 60. Then skip to the instructions for line 62.

If the result is less than zero, your contributions are more than your overpaid tax available on line 45. In this case, do not enter an amount on line 60. Instead, subtract the amount on line 45 from the amount on line 59. Enter the result on line 61 and see the instructions for line 61.

#### Line 61 – Amount You Owe

If you did not enter an amount on line 59, enter the amount from line 46 on line 61. This is the amount you owe with your Form 540.

If you entered an amount on line 59, add that amount to the amount on line 46. Enter the result on line 61. This is the amount you owe with your Form 540.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1994 Form 540" on your check or money order.
- Attach the check or money order to the front of your Form 540 in the area below the words "Step 3, Exemptions." Make sure the check or money order is not covered up by your Form(s) W-2 or any other items.

A penalty may be imposed for a check returned by your bank for insufficient funds. To avoid a late filing penalty, file your Form 540 by the due date even if you cannot pay the amount you owe.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in a separate envelope from the one you use to pay the amount you owe with Form 540.

#### Step 12 Interest & Penalties

If you file your return or pay your tax after the due date, you may owe interest and penalties on the tax due.

**Note:** Do not reduce the amount on line 43 or increase the amount on line 46 by any penalty or interest amounts.

#### Line 62 – Interest and Penalties

Enter on line 62 the amount of interest and late penalties included in your payment.

##### Interest

Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within 10 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

##### Late Filing of Return

The maximum total penalty is 25% of the tax not paid if the return is filed after October 16, 1995. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

##### Late Payment of Tax

The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid.

##### Other Penalties

There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

#### Line 63 – Underpayment of Estimated Tax

If line 46 is \$100 or more and more than 20% of the sum of the tax shown on line 34 (excluding the tax on lump-sum distributions on line 23), or you underpaid

your 1994 estimated tax liability for any payment period, you may owe a penalty. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or to see if you owe a penalty and to figure the amount of the penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen). If you complete one of these forms, be sure to attach it to the front of your Form 540. Enter the amount of the penalty on line 63 and check the box at line 63. You must complete and attach the form if you claim a waiver, use the annualized income installment method or pay tax according to the schedule for farmers and fishermen.

#### Line 64 – 1995 Tax Forms

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, check the box at line 64.

#### Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also.

#### Paid Preparer's Information

If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2. A paid preparer must give you two copies of your return: one copy to file with the Franchise Tax Board and one to keep for your records.

#### Attach Your Form(s) W-2 to Your Return

You must attach Copy 2 of all Form(s) W-2, W-2G, and 1099-R to the front of your Form 540. If you do not receive your Form W-2 by January 31, 1995, contact your employer. Only your employer can give you or correct a Form W-2.

If you cannot get a copy of your Form(s) W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See the back cover for information about how to order form FTB 3525.

If you forget to send your Form(s) W-2 with your income tax return, do not send it separately. Wait until the Franchise Tax Board requests the Form(s) W-2 from you.

#### Mailing Addresses

To get a refund, or if you have no amount due, mail your return to:

**Franchise Tax Board**  
P.O. Box 942840  
Sacramento, CA 94240-0000

If you owe money, mail your return to:

**Franchise Tax Board**  
P.O. Box 942867  
Sacramento, CA 94267-0001

#### Do You Need to Attach Form 1040 to Form 540?

To see if you need to attach your federal Form 1040 to Form 540 simply ask yourself the following question:

Did I attach any federal forms or schedules other than Schedule A or Schedule B to my federal Form 1040?

**No.** Do not attach Form 1040 to Form 540.

**Yes.** Attach Form 1040 and all supporting federal forms and schedules to Form 540.





# California Resident Income Tax Return 1994

FORM

540

## Step 1 Name and Address

Use the California mailing label. Otherwise, please print or type. Fiscal year beginning _____, 1994, ending _____, 19		<b>Do Not Write In These Spaces</b>	
Your first name and initial _____	Last name _____		Your social security number _____
If joint return, also give spouse's name and initial _____			Spouse's social security number _____
Present home address — number and street including P.O. Box or rural route _____			Apt. no. _____
City, town or post office, state and ZIP code _____			
		<b>P</b>	
		<b>AC</b>	
		<b>A</b>	
		<b>R</b>	
		<b>RP</b>	

## Step 2 Filing Status

Check only one.

- 1 ☐ Single  
2 ☐ Married filing joint return (even if only one spouse had income)  
3 ☐ Married filing separate return. Enter spouse's social security number above and full name here \_\_\_\_\_  
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name here. \_\_\_\_\_  
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19\_\_\_\_.

## Step 3 Exemptions

Do not enter  
dollar amounts  
in the boxes.Attach check or  
money order here.

- 6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, 3, 4 or 5, see page 25 . . . . . ● 6 ☐
- 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 . . . . . 7
- 8 Blind: If you or your spouse is visually impaired, enter 1. If both are visually impaired, enter 2 . . . . . 8
- 9 Senior: If you or your spouse is 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9
- 10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person listed on line 4. \_\_\_\_\_  
\_\_\_\_\_ Enter the total number of dependents 10
- 11 Total number of exemptions. Add line 7 through line 10. . . . . 11

## Step 4 Taxable Income

Attach copy of your  
Form(s) W-2, W-2G  
and 1099-R here.

- 12 State wages from your Form(s) W-2, box 17 . . . . . ● 12
- 13 Federal adjusted gross income from your Form 1040, line 31, your Form 1040A, line 16 or your Form 1040EZ, line 3 . . . . . 13
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 31, column B . . . ● 14   
**Caution:** If the amount on Schedule CA (540), line 31, column B is a negative number, see page 41.
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 25 . . . . . 15
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 31, column C . . . ● 16   
**Caution:** If the amount on Schedule CA (540), line 31, column C is a negative number, see page 41.
- 17 California adjusted gross income. Combine line 15 and line 16 . . . . . ● 17
- 18 Enter the **larger of:** { • Your **standard deduction** (see page 26), OR }  
{ • Your **itemized deductions** (from Schedule CA (540), line 38). } . . . . . ● 18
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- . . . . . 19

## Step 5 Tax

- 20 Tax. Check if from ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 . . ● 20   
**Caution:** If under age 14 and you have more than \$1,200 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.
- 21 Exemption credits.  
**Caution:** See the line 21 instructions before making an entry on this line.  
Check if from ☐ line 21 instructions ☐ line 21 worksheet or ☐ Schedule P (540) . . . . . ● 21
- 22 Subtract line 21 from line 20. If less than zero, enter -0- . . . . . 22
- 23 Tax. Check if from ☐ Schedule G-1 and from ☐ form FTB 5870A. . . . . ● 23
- 24 Add line 22 and line 23. Continue to Side 2 . . . . . 24

Step 6  
Credits

25	Amount from Side 1, line 24 . . . . .	25	
28	Enter credit name _____ code no. _____ and amount . . . ▶	28	
29	Enter credit name _____ code no. _____ and amount . . . ▶	29	
30	Enter credit name _____ code no. _____ and amount . . . ▶	30	
31	To claim more than three credits, see page 6 . . . . . ●	31	
33	Add line 28 through line 31. These are your total credits . . . . .	33	
34	Subtract line 33 from line 25. If less than zero, enter -0- . . . . .	34	

Step 7  
Other Taxes

35	Alternative minimum tax. Attach Schedule P (540) . . . . . ●	35	
36	Other taxes and credit recapture from forms FTB 3518, FTB 3501, FTB 3805P, FTB 3805Z or FTB 3806. See page 9 . . . . . ●	36	
37	Add line 34 through line 36. This is your total tax . . . . . ●	37	

Step 8  
Payments

38	California income tax withheld. Enter total from your 1994 Form(s) W-2, W-2G, 1099-MISC and 1099-R . . . . . ■	38	
39	1994 California estimated tax and amount applied from your 1993 return. Include the amount from form FTB 3519 or Schedule K-1 (541) . . . . . ■	39	
41	Excess California SDI (or VPD) withheld. See page 9 . . . . . ■	41	
42	Add line 38 through line 41. These are your total payments . . . . .	42	

Step 9  
Overpaid Tax or Tax Due

43	If line 42 is more than line 37, subtract line 37 from line 42. This is your overpaid tax . . . . .	43	
44	Amount of line 43 you want applied to your 1995 estimated tax . . . . . ■	44	
45	Subtract line 44 from line 43. This is the amount of overpaid tax available this year . . . . . ■	45	
46	If line 42 is less than line 37, subtract line 42 from line 37. This is the tax due . . . . .	46	

Step 10  
Contributions

47	Contribution to California Seniors Special Fund. See page 10 . . . . . ●	47	
You may make a contribution of \$1 or more to:			
48	Alzheimer's Disease/Related Disorders Fund . . . . . ●	48	00
49	California Fund for Senior Citizens . . . . . ●	49	00
50	Rare and Endangered Species Preservation Program . . . . . ●	50	00
51	State Children's Trust Fund for the Prevention of Child Abuse . . . . . ●	51	00
52	California Breast Cancer Research Fund . . . . . ●	52	00
53	Veterans Memorial Account . . . . . ●	53	00
54	California Firefighters' Memorial Fund . . . . . ●	54	00
55	California Public School Library Protection Fund . . . . . ●	55	00
56	California Olympic Training Fund . . . . . ●	56	00
California Election } 57 Your political party _____ amount (\$25 max) ▶ 57 00			
Campaign Fund } 58 Spouse's political party _____ amount (\$25 max) ▶ 58 00			
59	Add line 47 through line 58. These are your total contributions . . . . . ●	59	

Step 11  
Refund or Amount You Owe

60	Subtract line 59 from line 45. You have a <b>REFUND OR NO AMOUNT DUE</b> . Mail your return to: <b>Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0000</b> . . . . . ■	60	
61	Add line 46 and line 59. This is the <b>AMOUNT YOU OWE</b> . Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1994 Form 540" on it. Attach it to the front of your Form 540 and mail to: <b>Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001</b> . . . . . ■	61	

Step 12  
Interest and Penalties

62	Interest, late return penalties and late payment penalties . . . . .	62	
63	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here . . . . . <input type="checkbox"/> ■	63	
64	If you do <b>not</b> need California income tax forms mailed to you next year, check here . . . . . ● <input type="checkbox"/>	64	

Sign Here

It is unlawful to forge a spouse's signature.

**IMPORTANT: See the instructions for information on who must attach a copy of their federal income tax return and federal schedules.** 9

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Your signature	Spouse's signature (if filing joint, both must sign)	Date
X	X	
Signature of paid preparer (declaration of preparer is based on all information of which preparer has any knowledge)		Preparer's SSN/FEIN
Firm's name (or yours if self-employed)		Firm's address

## 1994 California Adjustments — Residents

CA (540)

**Important:** Attach this schedule directly behind Form 540.

Name(s) as shown on return

Social security number

## Part I Income Adjustment Schedule

	A	B	C
	Federal Amounts (taxable amounts from your federal return)	Subtractions See instructions.	Additions See instructions.
<b>Section A — Income</b>			
<b>7</b> Wages, salaries, tips, etc. See instructions before making an entry in column B or C	<b>7</b>		
<b>8</b> Taxable interest income	<b>8</b>		
<b>9</b> Dividend income	<b>9</b>		
<b>10</b> State tax refund. Enter the same amount in columns A and B	<b>10</b>		
<b>11</b> Alimony received	<b>11</b>		
<b>12</b> Business income or (loss)	<b>12</b>		
<b>13</b> Capital gain or (loss)	<b>13</b>		
<b>14</b> Other gains or (losses)	<b>14</b>		
<b>15</b> IRA distribution (a)	(b)		
<b>16</b> Pensions and annuities (a)	(b)		
<b>17</b> Rents, royalties, partnerships, estates, trusts, etc.	<b>17</b>		
<b>18</b> Farm income or (loss)	<b>18</b>		
<b>19</b> Unemployment compensation	<b>19</b>		
<b>20</b> Social security benefits (a)	(b)		
<b>21</b> Other income.			
a California lottery winnings		a	a
b Disaster loss carryover from FTB 3805V		b	b
c Federal NOL (Form 1040, line 21)		c	c
d NOL carryover from FTB 3805V		d	d
e NOL from FTB 3805Z or 3806		e	e
f Other (describe)		f	f
<b>22 Total.</b> Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	<b>22</b>		
<b>Section B — Adjustments to Income</b>			
<b>23a</b> Your IRA deduction	<b>23a</b>		
b Spouse's IRA deduction	b		
<b>24</b> Moving expenses. Complete form FTB 3596	<b>24</b>		
<b>25</b> One-half of self-employment tax	<b>25</b>		
<b>26</b> Self-employed health insurance deduction	<b>26</b>		
<b>27</b> Keogh or SEP deduction	<b>27</b>		
<b>28</b> Penalty on early withdrawal of savings	<b>28</b>		
<b>29</b> Alimony paid. Recipient's: SSN _____ - _____ - _____ Last name _____	<b>29</b>		
<b>30</b> Add line 23a through line 29 in columns A, B, and C	<b>30</b>		
<b>31 Total.</b> Subtract line 30 from line 22 in columns A, B, and C. Transfer the total in column B to Form 540, line 14 and the total in column C to Form 540, line 16.	<b>31</b>		

## Part II Adjustments To Federal Itemized Deductions

<b>33</b> Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, 27 and 28	<b>33</b>	
<b>34</b> State and local income taxes from federal Schedule A (Form 1040), line 5	<b>34</b>	
<b>35</b> Subtract line 34 from line 33	<b>35</b>	
<b>36</b> Other adjustments including moving expenses. See instructions. Specify	<b>36</b>	
<b>37</b> Combine line 35 and line 36	<b>37</b>	
<b>38</b> Is your federal adjusted gross income on Form 540, line 13 more than the amount shown for your filing status? \$107,464 if single or married filing separate \$161,196 if head of household \$214,929 if married filing joint or qualifying widow(er) <b>NO.</b> Transfer the amount on line 37 to line 38. <b>YES.</b> Complete the Itemized Deduction Worksheet in the instructions to figure the amount to enter on line 38.	Is the amount you entered on line 38 more than your standard deduction? <b>YES.</b> Transfer the amount on line 38 to Form 540, line 18. <b>NO.</b> Enter your standard deduction on Form 540, line 18.	<b>38</b>

1994 Depreciation and Amortization Adjustments

3885A

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number

1 ☐ Passive Activity    ☐ Nonpassive Activity    See instructions.

Assets placed in service before 1/1/87 (depreciation): Property placed in service before 1/1/94 (amortization):				Depreciation of Assets			Amortization of Property			
2	(a) Description of property	(b) Date placed in service	(c) Cost or other basis	(d) Dep'n or amortiz'n allowed or allowable in earlier years	(e) Method of figuring depreciation	(f) Life or rate	(g) Depreciation for this year	(h) Code section	(i) Period or percentage	(j) Amortization for this year
Total depreciation or amortization. Add column (g) and column (i) amounts of line 2										

Total depreciation or amortization. Add column (g) and column (i) amounts of line 2 . . . . .

Depreciation. **Be sure to make adjustments for any basis differences.**

3 California depreciation from this activity for assets placed in service on or after January 1, 1987.

See instructions and enter the amount from line 5 of the worksheet in the instructions.

**4** Total California depreciation from this activity. Add line 2(g) and line 3 . . . . .

5 Total federal depreciation from this activity. . . . .

## 6 Depreciation Adjustment

**a** If line 4 is more than line 5, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . .

**b** If line 4 is less than line 5, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . .

**Amortization. Be sure to make adjustments for any basis differences.**

7 California amortization from this activity for property placed in service on or after January 1, 1994. Enter the amount from federal Form 4562, Part VI, line 39, column (f) .....

**8** Total California amortization from this activity. Add line 2(j) and line 7 . . . . .

9 Total federal amortization from this activity .....

## 10 Amortization Adjustment

**a** If line 8 is more than line 9, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . . .

**b** If line 8 is less than line 9, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . . .

1994 California Capital Gain or Loss Adjustment

D

1	(a) Description of property (identify S corporation stock) Example: 100 shares of "Z" (\$ stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
2	Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies . . . . .			2	
3	Total 1994 gains from all sources. Add column (e) amounts of line 1 and line 2 . . . . .			3	
4	1994 loss. Add column (d) amounts of line 1 and line 2 . . . . .			4	
5	California capital loss carryover from 1993, if any. See instructions . . . . .			5	
6	Total 1994 loss. Add line 4 and line 5 . . . . .			6	
7	Net gain or net loss. Combine line 3 and line 6 and enter the net gain or (loss) here. See instructions . . . . .			7	
8	If line 7 is a loss, enter here. Then enter on line 10, the smaller of: (a) the amount on line 7; or (b) \$3,000 (\$1,500 if married filing a separate return). See instructions . . . . .			8	
9	Enter the amount from federal Form 1040, line 13 . . . . .			9	
10	Enter the California gain from line 7 or loss from line 8 . . . . .			10	
11	California gain or loss adjustment: Compare line 9 and line 10. See instructions.				
	a If line 9 is more than line 10, enter the difference here and on Schedule CA (540 or 540NR) line 13, column B . . .			11a	
	b If line 9 is less than line 10, enter the difference here and on Schedule CA (540 or 540NR). line 13, column C . . .			11b	

## 1994 California Adjustments — Residents

CA (540)

**Important:** Attach this schedule directly behind Form 540.

Name(s) as shown on return

Social security number

## Part I Income Adjustment Schedule

	A	B	C
	Federal Amounts (taxable amounts from your federal return)	Subtractions See instructions.	Additions See instructions.
<b>Section A — Income</b>			
<b>7</b> Wages, salaries, tips, etc. See instructions before making an entry in column B or C	<b>7</b>		
<b>8</b> Taxable interest income	<b>8</b>		
<b>9</b> Dividend income	<b>9</b>		
<b>10</b> State tax refund. Enter the same amount in columns A and B	<b>10</b>		
<b>11</b> Alimony received	<b>11</b>		
<b>12</b> Business income or (loss)	<b>12</b>		
<b>13</b> Capital gain or (loss)	<b>13</b>		
<b>14</b> Other gains or (losses)	<b>14</b>		
<b>15</b> IRA distribution (a)	(b)		
<b>16</b> Pensions and annuities (a)	(b)		
<b>17</b> Rents, royalties, partnerships, estates, trusts, etc.	<b>17</b>		
<b>18</b> Farm income or (loss)	<b>18</b>		
<b>19</b> Unemployment compensation	<b>19</b>		
<b>20</b> Social security benefits (a)	(b)		
<b>21</b> Other income.			
a California lottery winnings		a	a
b Disaster loss carryover from FTB 3805V		b	b
c Federal NOL (Form 1040, line 21)		c	c
d NOL carryover from FTB 3805V		d	d
e NOL from FTB 3805Z or 3806		e	e
f Other (describe)		f	f
<b>22 Total.</b> Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	<b>22</b>		
<b>Section B — Adjustments to Income</b>			
<b>23a</b> Your IRA deduction	<b>23a</b>		
b Spouse's IRA deduction	b		
<b>24</b> Moving expenses. Complete form FTB 3596	<b>24</b>		
<b>25</b> One-half of self-employment tax	<b>25</b>		
<b>26</b> Self-employed health insurance deduction	<b>26</b>		
<b>27</b> Keogh or SEP deduction	<b>27</b>		
<b>28</b> Penalty on early withdrawal of savings	<b>28</b>		
<b>29</b> Alimony paid. Recipient's: SSN _____ - _____ - _____ Last name _____	<b>29</b>		
<b>30</b> Add line 23a through line 29 in columns A, B, and C	<b>30</b>		
<b>31 Total.</b> Subtract line 30 from line 22 in columns A, B, and C. Transfer the total in column B to Form 540, line 14 and the total in column C to Form 540, line 16.	<b>31</b>		

## Part II Adjustments To Federal Itemized Deductions

<b>33</b> Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, 27 and 28	<b>33</b>	
<b>34</b> State and local income taxes from federal Schedule A (Form 1040), line 5	<b>34</b>	
<b>35</b> Subtract line 34 from line 33	<b>35</b>	
<b>36</b> Other adjustments including moving expenses. See instructions. Specify _____	<b>36</b>	
<b>37</b> Combine line 35 and line 36	<b>37</b>	
<b>38</b> Is your federal adjusted gross income on Form 540, line 13 more than the amount shown for your filing status? \$107,464 if single or married filing separate \$161,196 if head of household \$214,929 if married filing joint or qualifying widow(er) <b>NO.</b> Transfer the amount on line 37 to line 38. <b>YES.</b> Complete the Itemized Deduction Worksheet in the instructions to figure the amount to enter on line 38.	Is the amount you entered on line 38 more than your standard deduction? <b>YES.</b> Transfer the amount on line 38 to Form 540, line 18. <b>NO.</b> Enter your standard deduction on Form 540, line 18.	<b>38</b>

1994 Depreciation and Amortization Adjustments

3885A

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number

1 ☐ Passive Activity    ☐ Nonpassive Activity    See instructions.

Assets placed in service before 1/1/87 (depreciation): Property placed in service before 1/1/94 (amortization):				Depreciation of Assets			Amortization of Property			
2	(a) Description of property	(b) Date placed in service	(c) Cost or other basis	(d) Dep'n or amortiz'n allowed or allowable in earlier years	(e) Method of figuring depreciation	(f) Life or rate	(g) Depreciation for this year	(h) Code section	(i) Period or percentage	(j) Amortization for this year
Total depreciation or amortization. Add column (g) and column (i) amounts of line 2 . . . . .										

Depreciation. **Be sure to make adjustments for any basis differences.**

3 California depreciation from this activity for assets placed in service on or after January 1, 1987.

See instructions and enter the amount from line 5 of the worksheet in the instructions.

**4** Total California depreciation from this activity. Add line 2(g) and line 3 . . . . . **4**

5	Total federal depreciation from this activity. . . . .	5
---	--	---

## 6 Depreciation Adjustment

**a** If line 4 is more than line 5, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . **6a**

**b** If line 4 is less than line 5, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . . **6b**

**Amortization.** Be sure to make adjustments for any basis differences.

7	California amortization from this activity for property placed in service on or after January 1, 1994. Enter the amount from federal Form 4562, Part VI, line 39, column (f) . . . . .	7
---	--	---

<b>8</b>	Total California amortization from this activity. Add line 2(j) and line 7 . . . . .	<b>8</b>
----------	--	----------

<b>9</b>	Total federal amortization from this activity .....	<b>9</b>
----------	---	----------

## 10 Amortization Adjustment

**a** If line 8 is more than line 9, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . . . **10a**

**b** If line 8 is less than line 9, enter the difference here and on Schedule CA or form FTB 3801. See instructions . . . . . **10b**

1994 California Capital Gain or Loss Adjustment

D

1	(a) Description of property (identify S corporation stock) Example: 100 shares of "Z" (\$ stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
2	Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies . . . . .		2		
3	Total 1994 gains from all sources. Add column (e) amounts of line 1 and line 2 . . . . .			3	
4	1994 loss. Add column (d) amounts of line 1 and line 2 . . . . .		4		
5	California capital loss carryover from 1993, if any. See instructions . . . . .		5		
6	Total 1994 loss. Add line 4 and line 5 . . . . .		6		
7	Net gain or net loss. Combine line 3 and line 6 and enter the net gain or (loss) here. See instructions . . . . .			7	
8	If line 7 is a loss, enter here. Then enter on line 10, the smaller of: (a) the amount on line 7; or (b) \$3,000 (\$1,500 if married filing a separate return). See instructions . . . . .			8	
9	Enter the amount from federal Form 1040, line 13 . . . . .			9	
10	Enter the California gain from line 7 or loss from line 8 . . . . .			10	
11	California gain or loss adjustment: Compare line 9 and line 10. See instructions.				
	a If line 9 is more than line 10, enter the difference here and on Schedule CA (540 or 540NR) line 13, column B . . .			11a	
	b If line 9 is less than line 10, enter the difference here and on Schedule CA (540 or 540NR) line 13, column C . . .			11b	

# Instructions for Schedule CA (540)

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993** and the California Revenue and Taxation Code (R&TC).

## General Information

### Differences Between California and Federal Law

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and the provisions are specifically identified when appropriate. All other references in these instructions are to the IRC as it existed on January 1, 1993.

## Purpose Of This Form

The purpose of this form is to make adjustments to your federal adjusted gross income and to your itemized deductions using California law.

## Specific Line Instructions for Part I Income

### Column A — Federal Amounts

#### Line 7 through Line 21 —

Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21 (or on your federal Form 1040A, line 7 through line 13b; or on your federal Form 1040EZ line 1 and line 2).

Also enter the following if applicable:

- the total IRA distribution received on line 15(a);
- the total pension or annuity distribution received on line 16(a); and
- the total social security retirement benefit received on line 20(a).

#### Line 22 — Total

Add the amounts on line 7 through line 21.

#### Line 23a through Line 29 —

Enter the same amounts you entered on your federal Form 1040, line 23a through line 29 (or your Form 1040A, line 15a and line 15b).

**Line 30 —** Add line 23a through line 29. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 30, enter the amount from Form 1040, line 30 on this line.

#### Line 31 — Total

Subtract line 30 from line 22.

### Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to federal amounts in column A that are necessary because of the differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

You may need to get one of the following FTB publications in order to complete column B and column C:

- 1001, Supplemental Guidelines to California Adjustments;
- 1005, Pension and Annuity Guidelines; or
- 1032, Tax Information for Military Personnel.

If you want to order a publication or form, see your tax booklet.

#### Line 7 — Wages, Salaries, Tips, etc.

Generally you will not make any adjustments on this line. If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C.

**Moving expense reimbursement.** California includes in income the amount of reimbursement for moving expenses from your employer. Enter the reimbursement amount in column C. The reimburse-

ment amount should be shown on Form W-2, box 13 (code P). Get and complete form FTB 3596, California Moving Expense, to figure the California moving expense deduction.

**Active duty military pay.** Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

**Ride-sharing benefits or sick pay received under the Federal Insurance Contributions Railroad and Retirement Act.** California excludes from income the ride-sharing benefits and the sick pay received under Federal Insurance Contributions Railroad and Retirement Act. Enter in column B the amount of these benefits included in the amount in column A.

**Income exempted by U.S. tax treaties (unless specifically exempt for state purposes also).** If you excluded this income from your federal return, enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion under IRC Section 911, see the instructions for line 21. Get FTB Pub. 1001 for more information.

#### Line 8 — Taxable Interest Income

If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C. Otherwise, follow the instructions below.

Enter in column B the interest you received from:

- United States saving bonds;
- United States treasury bills; or
- any other bonds or obligations of the United States and its territories;

Get FTB Pub. 1001 if you received interest income from sources listed below.

- A. loans made in an enterprise zone, program area or the Los Angeles Revitalization Zone (LARZ);
- B. merchant marine construction fund deposits by ship contractors;
- C. original issue discount (OID) for debt instruments issued in 1985 and 1986;
- D. original issue discount (OID) for bonds issued by Poland;
- E. distributions of pre-1987 earnings from S corporations;
- F. items listed above passed through to you from S corporations, trusts, partnerships and limited liability companies.

Do not make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities. California law is the same as federal law for these types of interest income.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b and which you received from:

- non-California state bonds;
- non-California municipal bonds issued by a county, city, town or other local government unit;
- obligations of the District of Columbia issued after December 27, 1973; and
- non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships or limited liability companies.

#### Line 9 — Dividend Income

In most cases, there will be no difference between the amount of dividends you reported in column A and the amount to report using California law. However, certain mutual funds are qualified to pay "exempt-interest dividends" if more than 50% of their assets consist of tax-exempt government obligations. The portion of the dividend income that is tax-exempt will be shown on your annual statement.

If the California exempt-interest dividend amount is more than the federal exempt-interest dividend amount, enter the difference in column B.

Get FTB Pub. 1001 if you received dividend income from:

- noncash patronage dividends from farmers' cooperatives or mutual associations;
- a federal S corporation that is a California C corporation; or
- a controlled foreign corporation.

#### Line 10 — State Tax Refund

California does not tax the state income tax refund you received in 1994. Enter in column B the amount of state tax refund you entered in column A.

#### Line 11 — Alimony Received

If you are a nonresident alien and received alimony which was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no adjustment on this line.

#### Line 12 — Business Income or (Loss)

Any differences between the amount of business income or loss you reported in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation. Use form FTB 3885A, Depreciation and Amortization Adjustments — Individuals, to figure the depreciation adjustment. If any of your business activities is a passive activity which produces a loss, complete form FTB 3801, Passive Activity Loss Limitations (PALS), to compute the passive activity loss allowable under California law.

If any of the assets used in your business activities were placed into service **after** 1/1/87 and none of them are affected by PALS or any other adjustments, make no entry on this line in column B or column C.

If any of the assets used in your business activities were placed into service **before** 1/1/87 and none of them are affected by PALS or any other adjustments, use form FTB 3885A to compute any depreciation or amortization difference.

If you are engaged in more than one business activity, use a separate form FTB 3885A to report the adjustments for each activity. If your calculations on form FTB 3885A result in:

- an entry on line 6a or line 10a, enter that amount on line 12, column B; or
- an entry on line 6b or line 10b, enter that amount on line 12, column C.

Get FTB Pub. 1001 if you reported:

- income from a business, trade or profession carried on within California that is an integral part of a unitary business carried on both within and outside the state;
- basis adjustment to business property resulting from moves into California;
- basis adjustments for sales and use tax credit for property used in an enterprise zone, program area or LARZ;
- basis adjustments for reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation;
- expenditures for tertiary injectants;
- business expense deduction related to a business located in an enterprise zone, a program area or LARZ;
- business expense deduction for payments made to a club which restricts membership or use of its services or facilities on the basis of age, sex, race, religion, color, ancestry or national origin;
- employer wage expense deduction for federal Jobs Credit;
- research expense deduction;
- accounting for long-term contracts entered into after 10/13/87 and after 6/20/88; or
- pro rata share of income received from a controlled foreign corporation by a U.S. shareholder.

**Line 13 – Capital Gain or (Loss)**

Generally, there are no differences between the amount of capital gain or loss in column A and the amount to report using California law. If you do not have any of the items listed below, make no entry on this line in either column B or column C.

Use Schedule D, California Gain or Loss Adjustment, if you have differences from:

- basis differences resulting from differences between California and federal law in prior years;
- gain or loss on stock and bond transactions;
- installment sale gain reported on form FTB 3805E, Installment Sale Income;
- gain on the sale of personal residence where depreciation was allowable;
- flow-through gain or loss from partnerships, fiduciaries, S corporations or limited liability companies;
- distributed capital gain dividends;
- capital gain election for lump-sum distributions;
- gain from involuntary conversion of capital assets not held for business profit; or
- capital loss carryover from your 1993 California Schedule D.

For more information about the following, get FTB Pub. 1001:

- disposition of S corporation stock acquired before 1987;
- gain on sale or disposition of qualified assisted housing development to low income residents or to specified entities maintaining housing for low income residents;
- gain on certain vessels transferred to and exchanged with the Maritime Administration or in connection with construction of new vessels;
- undistributed capital gain for regulated investment company (RIC) shareholders;
- gain or loss on the sale of property inherited before January 1, 1987;
- capital loss carrybacks; or
- rollover gain from the sale of publicly traded securities into specialized small business investment companies.

**Line 14 – Other Gains or (Losses)**

Generally, there are no differences between the amount of other gains or losses reported in column A and the amount to report using California law. If there is no difference, make no entry on this line in column B or column C.

However, the California basis of your other assets may be different than the federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property, to figure the difference between the amount to report using California law and the amount you reported in column A.

**Line 15 – IRA Distribution**

Generally, the amount of income taxed for IRA distributions is the same using both California and federal law. If there is no difference, make no entry on this line in column B or column C.

However, there may be significant differences in the taxable amount, depending on when you made your contributions to the IRA. Differences may also occur if you changed your residency status after you first began making contributions to your IRA plan or if your California IRA contributions were different from your federal contributions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- less than the amount taxable under federal law, enter the difference in column B; or
- more than the amount taxable under federal law, enter the difference in column C.

Get FTB Pub. 1005 for more information.

**Line 16 – Pensions and Annuities**

Generally, the amount of income taxed for fully taxable pension or annuity distributions is the same using both California and federal law. If there is no

difference, make no entry on this line in column B or column C.

However, if you received certain railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the adjustments described below.

California does not tax railroad retirement benefits. If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column C.

If you began receiving a retirement annuity between the dates 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column B the amount of the annuity payments you excluded for federal purposes.

Get FTB Pub. 1001 if you received income from a living benefit contract.

For more information, get FTB Pub. 1005 if you elected to use the three-year rule for reporting an employer-sponsored pension or annuity (for annuity starting dates after 7/1/86 and before 1/1/87).

**Line 17 – Rents, Royalties, Partnerships, Estates and Trusts, etc.**

Any differences between the amount of income or loss you reported in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation. Use form FTB 3885A, Depreciation and Amortization Adjustments — Individuals, to figure the depreciation adjustment. If any of your business activities is a passive activity which produced a loss, complete form FTB 3801, Passive Activity Loss Limitations (PALS), to compute the passive loss allowable under California law.

**Note:** Limited liability companies (LLCs) that are classified as partnerships for California purposes are subject to the same rules as other partnerships. LLCs report distributions to their members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc.; or Schedule K-1 NR (568), Nonresident Member's Share of Income, Deductions, Credits, etc.

If any of the assets used in your business activities were placed into service **after** 1/1/87 and none of them are affected by PALS or by any other adjustments, make no entry on this line in column B or column C.

If any of the assets used in your business activities were placed into service **before** 1/1/87, and none of them are affected by PALS or by any other adjustments, use form FTB 3885A to compute any depreciation or amortization difference.

If your calculations on form FTB 3885A result in:

- an entry on line 6a or line 10a, enter that amount on line 17, column B; or
- an entry on line 6b or line 10b, enter that amount on line 17, column C.

Get FTB Pub. 1001 if you reported the following items on your federal return:

- accumulation distribution to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent; or
- accumulation distribution to beneficiaries for which the required California taxes have not been paid by the trust.

**Line 18 – Farm Income or (Loss)**

Any differences between the amount of income or loss you report in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation. Use form FTB 3885A, Depreciation and Amortization Adjustments — Individuals, to figure the depreciation adjustment. If any of your farm business activities is a passive activity which produced a loss, complete form FTB 3801, Passive Activity Loss Limitations (PALS), to compute the passive loss allowable under California law.

If any of the assets used in your farm business activities were placed into service after 1/1/87 and none of them are affected by PALS or by any other adjustments, make no entry on this line in column B or column C.

If any of the assets used in your farm business activities were placed into service before 1/1/87, or are affected by any other adjustments, use form FTB 3885A to compute any depreciation or amortization difference.

If your calculations on form FTB 3885A result in:

- an entry on line 6a or line 10a, enter that amount on line 18, column B; or
- an entry on line 6b or line 10b, enter that amount on line 18, column C.

Get FTB Pub. 1001 for more information about the following:

- basis adjustments to business property resulting from moves into California;
- basis adjustments for sales and use tax credit for property used in an enterprise zone, program area, or LARZ;
- basis adjustment for reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation;
- expenditure for tertiary injectants;
- business expense deduction related to a business located in an enterprise zone, program area or LARZ;
- business expense deduction for payments made to a club which restricts membership or use of its services or facilities on the basis of age, sex, race, religion, color, ancestry or national origin;
- employer wage expense deduction for federal Jobs Credit;
- research expense deduction;
- percentage depletion for oil and gas wells and geothermal deposits;
- accounting for long-term contracts entered into after 10/13/87 and after 6/20/88; and
- pro rata share of income received from a controlled foreign corporation by a US shareholder.

**Line 19 – Unemployment Compensation**

California does not tax unemployment compensation. Enter on line 19, column B the amount of unemployment compensation shown in column A.

**Line 20 – Social Security Benefits**

California does not tax social security benefits. Enter in column B the amount of these benefits shown in column A.

**Line 21 – Other Income**

**a. California Lottery Winnings.** California does not tax winnings from the California Lottery. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

**Note:** Do not include lottery winnings from other states. They are taxable to California.

**b. Disaster Loss Carryover from FTB 3805V.** If you have a California disaster loss carryover from your 1993 form FTB 3805V, Net Operating Loss Carryovers and Disaster Loss Deductions, enter that amount as a positive number in column B.

**c. Federal NOL from Form 1040, line 21.** If the amount on line 21 in column A includes a federal net operating loss (NOL), enter the amount of the federal NOL as a positive number in column C. Get form FTB 3805V to figure the NOL amount allowable under California law.

**d. NOL Carryover from FTB 3805V.** The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. Use form FTB 3805V to figure the allowable NOL for California and enter it as a positive number in column B.

**Note:** If your 1993 form FTB 3805V has both disaster loss carryovers and NOL carryovers, you will need to separately state these two



amounts. See line 21b for disaster loss carryovers.

**e. NOL from FTB 3805Z or FTB 3806.** If you have an NOL on form:

- FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, line 8b; or
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 4b;

enter in column B the total NOL figured using these forms.

**f. Other (describe)**

**Reward from a crime hotline.** Enter in column B the amount of a reward authorized by a government agency which you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A.

**Note:** You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

**Payments for alternative transportation.** Enter in column B the amount you received from your employer for participating in an alternative transportation method and that is included in the amount on line 21 in column A. For more information, refer to R&TC Section 17149.

**Federal foreign earned income or housing exclusion.** Enter in column C the amount deducted from federal income on Form 1040, line 21.

**Lump sum payment from a living benefit contract.** Enter in column B the income from such a contract that you included in the amount on line 21 in column A.

**Beverage container recycling income.** Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

**Rebates from water agencies or suppliers.** Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

**Cost Share Payments (forest landowners).** Enter in column B the amount of cost share payments received from the Dept. of Forestry and Fire Protection or from the Dept. of Agriculture only if these payments were included on federal Schedule F (Form 1040), line 6b.

**Line 22 – Total**

Add line 7 through line 21f in each column A, B and C. Enter the totals on line 22 in the appropriate column.

**Lines 23a and 23b, and Line 27 – IRA, Keogh or SEP Deduction**

Generally the IRA, Keogh or SEP deduction allowable under California law and federal law is the same. If there is no difference, make no entry on this line in either column B or column C.

Differences in the amount of IRA, Keogh or SEP deduction you can claim may occur if there is a difference between your federal self-employment income and your California self-employment income. If the allowable deductible amount for California is less than the deduction you reported in column A, enter the difference on the appropriate line (23a or 23b, or 27) in column B. If the allowable deductible amount for California is more than the deduction you reported in column A, enter the difference on the appropriate line (23a or 23b, or 27) in column C.

**Line 24 – Moving Expense**

California law is not the same as federal law for figuring your moving expense deduction. Enter in column B the amount shown in column A, if any. Get form FTB 3596, California Moving Expense, to figure the amount to deduct under California law in Part II.

**Line 29 – Alimony Paid**

Enter the social security number and last name of the person to whom you paid alimony. **Note:** If you are a nonresident alien and did not deduct alimony

on your federal return, enter the amount you paid on this line in column C.

**Line 30 –** Add line 23a through line 29 in each column A, B and C. Enter the result on this line in the appropriate columns.

**Line 31 – Total**

Subtract line 30 from line 22 in each column A, B and C. Enter the result on this line in the appropriate columns.

Transfer the amount from line 31:

- column B to Form 540, Side 1, line 14; and
- column C to Form 540, Side 1, line 16.

If you plan to itemize deductions, go to Part II.

**Caution:** If the amount on Schedule CA (540) line 31:

- column B is a negative number, do not transfer it to Form 540, line 14. Instead, transfer the amount as a positive number to Form 540, line 16; or
- column C is a negative number, do not transfer it to Form 540, line 16. Instead, transfer the amount as a positive number to Form 540, line 14.

## Specific Line Instructions for Part II Adjustments to Federal Itemized Deductions

**Line 33 – Federal Itemized Deductions**

Enter the total amount of itemized deductions from your federal Schedule A, lines 4, 9, 14, 18, 19, 26, 27 and 28. **Important:** If you did not itemize deductions on your federal tax return, and if you want to itemize deductions on your California tax return, first complete federal Schedule A even though you did not file it with your federal tax return.

**Line 34 – Local, State and Foreign Income Taxes**

Enter the amount from federal Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax and income or franchise tax paid by S corporations.

**Line 36 – Other Adjustments**

**Moving Expenses.** If you had moving expenses in 1994, get and complete form FTB 3596, Moving Expenses, to figure the amount to enter on line 36.

**Adoption related expenses.** If you deducted adoption related expenses on your federal Schedule A and are claiming the adoption cost credit for the same amounts on your Form 540, enter the amount of the adoption cost credit claimed as a negative number on line 36.

**Mortgage Interest Credit.** If you reduced your federal miscellaneous itemized deductions by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 36.

**Nontaxable Income Expenses.** If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 36.

You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 36.

**Employee Business Expense.** If you had assets placed in service before January 1, 1987, and you completed federal Form 2106, Employee Business Expenses, also complete Form 2106 using California amounts. Compare line 10 on both Forms 2106. If the federal amount is larger, enter the difference as a negative number on line 36. If the California amount is larger, enter the difference as a positive number on line 36.

**Investment Interest Expense.** Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 36.

**Gambling Losses.** California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A as a negative number on line 36.

**Federal Estate Tax.** Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 36.

**Generation Skipping Transfer Tax.** Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A, line 23, as a negative number on line 36.

**State Legislator's Travel Expenses.** Under California law, deductible travel expenses for state legislators include only those incurred while away from their place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 36.

**Line 38 – California Itemized Deductions**

Use the worksheet below to figure the amount you may deduct if your federal adjusted gross income on Form 540, line 13 is more than:

- \$107,464 if single or married filing separate;
- \$161,196 if head of household; or
- \$214,929 if married filing joint or qualifying widow(er).

**Itemized Deductions Worksheet**

1. Enter the amount from Schedule CA (540), line 37 . . . . .
2. Using California amounts, add the amounts on federal Schedule A, line 4, line 13 and line 19 plus any gambling losses included on line 28 . . . . .
3. Subtract line 2 from line 1 . . . . .  
**Note:** If the result is zero, stop. Enter the amount from line 1 above on Schedule CA (540), line 38.
4. Multiply line 3 above by 80% (.80) . . . . .
5. Enter the amount from Form 540, line 13 . . . . .
6. Enter the amount shown above for your filing status . . . . .
7. Subtract line 6 from line 5 . . . . .  
**Note:** If the result is zero or less, stop. Enter the amount from line 1 above on Schedule CA (540), line 38.
8. Multiply line 7 by 6% (.06) . . . . .
9. Compare the amounts on line 4 and line 8 above. Enter the smaller amount here. . . . .
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule CA (540), line 38 . . . . .

# Instructions for Form FTB 3885A

## Depreciation And Amortization Adjustments

### General Information

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and the provisions are specifically identified when appropriate. All references in these instructions are to the IRC as it existed on January 1, 1993. Specifically, California did not include federal changes in the state's tax law with respect to:

**Expense treatment for small business (IRC Section 179):**

The maximum allowed under California law is \$10,000; the maximum allowed under federal law is \$17,500.

**Amortization of certain intangibles (IRC Section 197):** Property classified as Section 197 property under federal law is also Section 197 property for California purposes. There is no separate California election required or allowed. However, for California purposes, Section 197 property acquired before January 1, 1994 the California adjusted basis as of January 1, 1994 must be amortized over the remaining federal amortization period.

**Recovery period for nonresidential real property placed in service on or after May 13, 1993 (IRC Section 168):** The California recovery period is 31.5 years; the federal recovery period is 39 years.

### Purpose Of This Form

Use form FTB 3885A only if there is a difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed as a deduction using federal law. You need to report the difference that occurs because:

- All or part of your assets were placed in service before January 1, 1987. California did not allow depreciation under the federal accelerated cost recovery system (ACRS) for years prior to 1987 and you must continue to figure your California depreciation for those assets in the same manner as in prior years.
- All or part of your assets were placed in service on or after January 1, 1987 and have a different California basis due to special credits claimed or accelerated write-offs.

Review the list of depreciation and amortization items in the instructions for Schedule CA (540), California Adjustments — Residents, or Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, line 12. If any of these adjustments apply to you, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. See the instructions for Schedule CA (540 or 540NR), line 36.

**Election To Expense Certain Tangible Property**

You may choose to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Pub. 534, Depreciation. To do so, you must have purchased property, as defined in the Internal Revenue Code (IRC) Section 179(d)(2), and placed it in service during 1994, or have a carryover of unused cost from 1993. If you elect this deduction, you must reduce the amount on which you figure your depreciation or amortization deduction by the IRC Section 179 expense. The maximum Section 179 expense allowed under California law is \$10,000. Complete federal Form 4562, line 1 through line 12, using California amounts. Also, see the instructions for form FTB 3885A, line 3.

### Specific Line Instructions

**Note:** Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete only one federal Form 4562, Depreciation and Amortization, Part I, when computing your allowable IRC Section 179 expense deduction.

**Line 1 —** Check the box to identify whether the activity is passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801.

**Line 2 —** Complete columns (a) through (g) for each tangible asset or group of assets placed in service before January 1, 1987 (depreciation). Complete columns (a) through (d) and (h) through (j) for intangible assets placed in service before January 1, 1994 (amortization). Add the column (g) amounts of line 2 and enter the totals on line 2(g). Add column (j) amounts of line 2 and enter the totals on line 2(j).

**Line 3 —** Use federal Form 4562 to complete the worksheet below to figure the amount to enter on line 3.

**Note:** You may not have been required to complete federal Form 4562. However, to properly compute your California depreciation, you may need to complete the federal form.

1. Amount from federal Form 4562, line 14a through line 14g and line 15 through line 19 . . . . .
2. Amount from federal Form 4562, lines 16, 17, 18 and 19, to the extent applicable to asset acquired before January 1, 1987 . . . . .
3. Subtract line 2 from line 1 . . . . .
4. Amount from federal Form 4562, line 12 and line 14h, using California amounts . . . . .
5. Add line 3 and line 4. Enter the result here and on form FTB 3885A, line 3 . . . . .

**Line 4 —** If you have depreciation from passive activities and if you are not subject to the passive activity loss rules, refer to the instructions for line 1 above.

**Line 6 —** If line 4 is more than line 5, enter the difference on line 6a.

**Nonpassive Activities:** Enter this amount on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

**Passive Activities:** Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

If line 5 is more than line 4, enter the difference on line 6b.

**Nonpassive Activities:** Enter this amount on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

**Passive Activities:** Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

**Line 10 —** If line 8 is more than line 9, enter the difference on line 10a.

**Nonpassive Activities:** Enter this amount on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

**Passive Activities:** Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

If line 9 is more than line 8, enter the difference on line 10b.

**Nonpassive Activities:** Enter this amount on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

**Passive Activities:** Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

# Instructions for California Schedule D

## California Capital Gain Or Loss Adjustment

### General Information

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and the provisions are specifically identified when appropriate. All references in these instructions are to the IRC as it existed on January 1, 1993. Specifically, California does not permit **roll-over of gain from the sale of publicly traded securities into specialized small business investment companies (SSBICs)**. The gain is fully taxable to California. Use California Schedule D to figure the necessary adjustment.

### Purpose Of This Schedule

Use California Schedule D only if there is a difference between your federal gains and losses and your California gains and losses. Such differences may be associated with the following:

- disposition of property that was expensed or depreciated at some time during the period you owned it; California and federal depreciation and property expensing methods were different before 1987 and after 1/1/93 and caused a difference between the California basis and the federal basis;
- gain or loss on stock and bond transactions;
- installment sale gain reported on form FTB 3805E, Installment Sale Income;
- gain on the sale of personal residence where depreciation was allowable;
- flow-through gain or loss from partnerships, fiduciaries, S corporations or limited liability companies;
- distributed capital gain dividends;
- gain from involuntary conversion of capital assets not held for business profit; and
- capital loss carryover from your 1993 California Schedule D.

For more information about the following, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments:

- disposition of property inherited before 1987;
- disposition of S corporation stock acquired before 1987;
- undistributed capital gain for regulated investment company (RIC) shareholders;
- gain on the sale or disposition of a qualified assisted housing development to low income residents or to specific entities maintaining housing for low income residents;
- gain on certain vessels transferred to an exchanged with the Maritime Administration or realized in connection with construction of new vessels; or
- capital loss carryback.

**Note:** If you do not have a difference between your California and federal capital gain or loss, you do not have an adjustment and do not need to complete California Schedule D.

#### Installment Sales

If you sold property at a gain (other than publicly traded stocks or securities), and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E, Installment Sale Income. Also use that form if you received a payment in 1994 for an installment sale made in an earlier year.

**Note:** You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

#### At-Risk Rules And Passive Activity Limitations

If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your

interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations, to see how to report capital gains and losses from a passive activity.

### Specific Line Instructions

#### Line 1 – List each capital asset transaction.

##### Column (a) – Description Of Property

Describe the asset you sold or exchanged.

**Capital Gain Distributions.** If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. However, if you receive federal Form 1099-DIV, Dividends and Distributions, enter the name of the distributing corporation or mutual fund in column (a), and the amount of **distributed** capital gain dividends in column (e). Do not complete columns (b), (c) and (d) for these dividends. Follow the instructions for the remainder of Schedule D.

##### Column (b) – Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If you received a Form 1099-B, 1099-S or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

##### Column (c) – Cost Or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c).

If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

#### Depreciation Methods and Property Expensing

California law:

- did not allow the use of ACRS before 1987;
- did not allow the use of an asset depreciation – range 20% above or below the standard rate;
- limits expensing of property under IRC Section 179 to \$10,000;
- permitted rapid write-off of property such as solar energy systems, pollution control devices and property used in an enterprise zone, program area or the Los Angeles Revitalization zone (LARZ).

**Inherited Property** – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse:

- **before January 1, 1987**, generally the basis of your deceased spouse's one-half interest in the property is FMV at the time of death and the basis of your one-half interest is cost; or
- **on or after January 1, 1987**, the entire basis of the inherited community property is FMV at the time of death. Get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse for more information.

**S Corporation Stock** – Prior to 1987, California law did not recognize S corporations. As a result, your California basis in S corporation stock may differ from your federal basis. In general, your California

basis will be cost-adjusted for income, loss and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss and distributions received during the time your stock qualified for federal S corporation treatment.

**Special Credits** – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

#### Line 5 – 1993 California Capital Loss Carryover

Enter the amount of your 1993 California net capital loss that was more than the loss limitation. This is your capital loss carryover from 1993.

#### Line 7 – Net Gain Or Loss

If the amount on line 3 is more than the amount on line 6, subtract line 6 from line 3. Enter the difference as a gain on line 7 and on line 10.

If the amount on line 6 is more than the amount on line 3, subtract line 3 from line 6 and enter the difference as a loss on line 7.

If the loss on line 7 is more than \$3,000 (\$1,500, if married filing a separate return) OR if your taxable income on Form 540, line 19, is less than \$3,000 (\$1,500 if married filing separate) before considering your capital loss, your capital loss carryover to 1995 may be limited. Using California amounts, complete the Capital Loss Carryover Worksheet in the instructions for federal Schedule D (1040).

**Line 8** – If line 7 is a net capital loss, enter on line 8 and line 10 the smaller of the amount on line 7 or \$3,000 (\$1,500 if you are married filing a separate return). The amount of your 1994 loss that is more than the loss limitation, if any, may be used as a carryover on your 1995 return.

**Line 11a** – Enter the difference on line 11a and on Schedule CA (540 or 540NR), line 13, column B.

#### EXAMPLES:

##### Gain on line 9 is more than gain on line 10.

Federal gain on line 9 is . . . . .	\$10,000
California gain on line 10 is . . . . .	\$ 6,000
Subtract line 10 from line 9 . . . . .	\$ 4,000

##### Loss on line 9 is less than loss on line 10.

Federal loss on line 9 is . . . . .	\$1,000
California loss on line 10 is . . . . .	\$2,000
Subtract line 9 from line 10 . . . . .	\$1,000

##### Gain on line 9 and loss on line 10.

Federal gain on line 9 is . . . . .	\$3,000
California loss on line 10 is . . . . .	\$3,000
Add line 9 and line 10 . . . . .	\$6,000

**Line 11b** – Enter the difference on line 11b and on Schedule CA (540 or 540NR), line 13, column C.

#### EXAMPLES:

##### Gain on line 9 is less than gain on line 10.

Federal gain on line 9 is . . . . .	\$ 6,000
California gain on line 10 is . . . . .	\$11,000
Subtract line 9 from line 10 . . . . .	\$ 5,000

##### Loss on line 9 is more than loss on line 10.

Federal loss on line 9 is . . . . .	\$2,000
California loss on line 10 is . . . . .	\$1,000
Subtract line 10 from line 9 . . . . .	\$1,000

##### Loss on line 9 and gain on line 10.

Federal loss on line 9 is . . . . .	\$2,000
California gain on line 10 is . . . . .	\$5,000
Add line 9 and line 10 . . . . .	\$7,000

# 1994 California Tax Table

Use the Tax Table below if your taxable income on Form 540EZ, line 16; Form 540A, line 16; or Form 540, line 19 is \$50,000 or less.

Use the Tax Rate Schedules on page 46 if your taxable income on Form 540A, line 16 or Form 540, line 19 is more than \$50,000.

## Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

**Filing status: 1 or 3 (Single; Married filing Separately) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)**

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
1	50	0	0	0	6,451	6,550	83	65	65	12,951	13,050	249	166	166
51	150	1	1	1	6,551	6,650	85	66	66	13,051	13,150	253	168	168
151	250	2	2	2	6,651	6,750	87	67	67	13,151	13,250	257	170	170
251	350	3	3	3	6,751	6,850	89	68	68	13,251	13,350	261	172	172
351	450	4	4	4	6,851	6,950	91	69	69	13,351	13,450	265	174	174
451	550	5	5	5	6,951	7,050	93	70	70	13,451	13,550	269	176	176
551	650	6	6	6	7,051	7,150	95	71	71	13,551	13,650	273	178	178
651	750	7	7	7	7,151	7,250	97	72	72	13,651	13,750	277	180	180
751	850	8	8	8	7,251	7,350	99	73	73	13,751	13,850	281	182	182
851	950	9	9	9	7,351	7,450	101	74	74	13,851	13,950	285	184	184
951	1,050	10	10	10	7,451	7,550	103	75	75	13,951	14,050	289	186	186
1,051	1,150	11	11	11	7,551	7,650	105	76	76	14,051	14,150	293	188	188
1,151	1,250	12	12	12	7,651	7,750	107	77	77	14,151	14,250	297	190	190
1,251	1,350	13	13	13	7,751	7,850	109	78	78	14,251	14,350	301	192	192
1,351	1,450	14	14	14	7,851	7,950	111	79	79	14,351	14,450	305	194	194
1,451	1,550	15	15	15	7,951	8,050	113	80	80	14,451	14,550	309	196	196
1,551	1,650	16	16	16	8,051	8,150	115	81	81	14,551	14,650	313	198	198
1,651	1,750	17	17	17	8,151	8,250	117	82	82	14,651	14,750	317	200	200
1,751	1,850	18	18	18	8,251	8,350	119	83	83	14,751	14,850	321	202	202
1,851	1,950	19	19	19	8,351	8,450	121	84	84	14,851	14,950	325	204	204
1,951	2,050	20	20	20	8,451	8,550	123	85	85	14,951	15,050	329	206	206
2,051	2,150	21	21	21	8,551	8,650	125	86	86	15,051	15,150	333	208	208
2,151	2,250	22	22	22	8,651	8,750	127	87	87	15,151	15,250	337	210	210
2,251	2,350	23	23	23	8,751	8,850	129	88	88	15,251	15,350	341	212	212
2,351	2,450	24	24	24	8,851	8,950	131	89	89	15,351	15,450	345	214	214
2,451	2,550	25	25	25	8,951	9,050	133	90	90	15,451	15,550	349	216	216
2,551	2,650	26	26	26	9,051	9,150	135	91	91	15,551	15,650	353	218	218
2,651	2,750	27	27	27	9,151	9,250	137	92	92	15,651	15,750	357	220	220
2,751	2,850	28	28	28	9,251	9,350	139	93	93	15,751	15,850	361	222	222
2,851	2,950	29	29	29	9,351	9,450	141	94	94	15,851	15,950	365	224	224
2,951	3,050	30	30	30	9,451	9,550	143	96	96	15,951	16,050	369	226	226
3,051	3,150	31	31	31	9,551	9,650	145	98	98	16,051	16,150	373	228	228
3,151	3,250	32	32	32	9,651	9,750	147	100	100	16,151	16,250	377	230	230
3,251	3,350	33	33	33	9,751	9,850	149	102	102	16,251	16,350	381	232	232
3,351	3,450	34	34	34	9,851	9,950	151	104	104	16,351	16,450	385	234	234
3,451	3,550	35	35	35	9,951	10,050	153	106	106	16,451	16,550	389	236	236
3,551	3,650	36	36	36	10,051	10,150	155	108	108	16,551	16,650	393	238	238
3,651	3,750	37	37	37	10,151	10,250	157	110	110	16,651	16,750	397	240	240
3,751	3,850	38	38	38	10,251	10,350	159	112	112	16,751	16,850	401	242	242
3,851	3,950	39	39	39	10,351	10,450	161	114	114	16,851	16,950	405	244	244
3,951	4,050	40	40	40	10,451	10,550	163	116	116	16,951	17,050	409	246	246
4,051	4,150	41	41	41	10,551	10,650	165	118	118	17,051	17,150	413	248	248
4,151	4,250	42	42	42	10,651	10,750	167	120	120	17,151	17,250	417	250	250
4,251	4,350	43	43	43	10,751	10,850	169	122	122	17,251	17,350	421	252	252
4,351	4,450	44	44	44	10,851	10,950	171	124	124	17,351	17,450	425	254	254
4,451	4,550	45	45	45	10,951	11,050	173	126	126	17,451	17,550	429	256	256
4,551	4,650	46	46	46	11,051	11,150	175	128	128	17,551	17,650	433	258	258
4,651	4,750	47	47	47	11,151	11,250	177	130	130	17,651	17,750	437	260	260
4,751	4,850	48	48	48	11,251	11,350	181	132	132	17,751	17,850	441	262	262
4,851	4,950	49	49	49	11,351	11,450	185	134	134	17,851	17,950	445	264	264
4,951	5,050	50	50	50	11,451	11,550	189	136	136	17,951	18,050	449	266	266
5,051	5,150	51	51	51	11,551	11,650	193	138	138	18,051	18,150	453	268	268
5,151	5,250	52	52	52	11,651	11,750	197	140	140	18,151	18,250	457	270	270
5,251	5,350	53	53	53	11,751	11,850	201	142	142	18,251	18,350	461	272	272
5,351	5,450	54	54	54	11,851	11,950	205	144	144	18,351	18,450	465	274	274
5,451	5,550	55	55	55	11,951	12,050	209	146	146	18,451	18,550	469	276	276
5,551	5,650	56	56	56	12,051	12,150	213	148	148	18,551	18,650	473	278	278
5,651	5,750	57	57	57	12,151	12,250	217	150	150	18,651	18,750	477	280	280
5,751	5,850	58	58	58	12,251	12,350	221	152	152	18,751	18,850	481	282	282
5,851	5,950	59	59	59	12,351	12,450	225	154	154	18,851	18,950	485	284	284
5,951	6,050	60	60	60	12,451	12,550	229	156	156	18,951	19,050	489	286	286
6,051	6,150	61	61	61	12,551	12,650	233	158	158	19,051	19,150	493	288	288
6,151	6,250	62	62	62	12,651	12,750	237	160	160	19,151	19,250	497	290	290
6,251	6,350	63	63	63	12,751	12,850	241	162	162	19,251	19,350	501	292	292
6,351	6,450	64	64	64	12,851	12,950	245	164	164	19,351	19,450	505	294	294

The tax table is continued on page 45.

# 1994 California Tax Table — Continued

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	546	296	296	26,451	26,550	1,005	518	518	33,451	33,550	1,598	798	891
19,551	19,650	552	298	298	26,551	26,650	1,013	522	522	33,551	33,650	1,607	802	897
19,651	19,750	558	300	300	26,651	26,750	1,021	526	526	33,651	33,750	1,617	806	903
19,751	19,850	564	302	302	26,751	26,850	1,029	530	530	33,751	33,850	1,626	810	909
19,851	19,950	570	304	304	26,851	26,950	1,037	534	534	33,851	33,950	1,635	814	915
19,951	20,050	576	306	306	26,951	27,050	1,045	538	538	33,951	34,050	1,644	818	921
20,051	20,150	582	308	308	27,051	27,150	1,053	542	542	34,051	34,150	1,654	822	927
20,151	20,250	588	310	310	27,151	27,250	1,061	546	546	34,151	34,250	1,663	826	933
20,251	20,350	594	312	312	27,251	27,350	1,069	550	550	34,251	34,350	1,672	830	939
20,351	20,450	600	314	314	27,351	27,450	1,077	554	554	34,351	34,450	1,682	834	945
20,451	20,550	606	316	316	27,451	27,550	1,085	558	558	34,451	34,550	1,691	838	951
20,551	20,650	612	318	318	27,551	27,650	1,093	562	562	34,551	34,650	1,700	842	957
20,651	20,750	618	320	320	27,651	27,750	1,101	566	566	34,651	34,750	1,710	846	963
20,751	20,850	624	322	322	27,751	27,850	1,109	570	570	34,751	34,850	1,719	850	969
20,851	20,950	630	324	324	27,851	27,950	1,117	574	574	34,851	34,950	1,728	854	975
20,951	21,050	636	326	326	27,951	28,050	1,125	578	578	34,951	35,050	1,737	858	981
21,051	21,150	642	328	328	28,051	28,150	1,133	582	582	35,051	35,150	1,747	862	987
21,151	21,250	648	330	330	28,151	28,250	1,141	586	586	35,151	35,250	1,756	866	993
21,251	21,350	654	332	332	28,251	28,350	1,149	590	590	35,251	35,350	1,765	870	999
21,351	21,450	660	334	334	28,351	28,450	1,157	594	594	35,351	35,450	1,775	875	1,005
21,451	21,550	666	336	336	28,451	28,550	1,165	598	598	35,451	35,550	1,784	881	1,011
21,551	21,650	672	338	338	28,551	28,650	1,173	602	602	35,551	35,650	1,793	887	1,017
21,651	21,750	678	340	340	28,651	28,750	1,181	606	606	35,651	35,750	1,803	893	1,023
21,751	21,850	684	342	342	28,751	28,850	1,189	610	610	35,751	35,850	1,812	899	1,031
21,851	21,950	690	344	344	28,851	28,950	1,197	614	615	35,851	35,950	1,821	905	1,039
21,951	22,050	696	346	346	28,951	29,050	1,205	618	621	35,951	36,050	1,830	911	1,047
22,051	22,150	702	348	348	29,051	29,150	1,213	622	627	36,051	36,150	1,840	917	1,055
22,151	22,250	708	350	350	29,151	29,250	1,221	626	633	36,151	36,250	1,849	923	1,063
22,251	22,350	714	352	352	29,251	29,350	1,229	630	639	36,251	36,350	1,858	929	1,071
22,351	22,450	720	354	354	29,351	29,450	1,237	634	645	36,351	36,450	1,868	935	1,079
22,451	22,550	726	358	358	29,451	29,550	1,245	638	651	36,451	36,550	1,877	941	1,087
22,551	22,650	732	362	362	29,551	29,650	1,253	642	657	36,551	36,650	1,886	947	1,095
22,651	22,750	738	366	366	29,651	29,750	1,261	646	663	36,651	36,750	1,896	953	1,103
22,751	22,850	744	370	370	29,751	29,850	1,269	650	669	36,751	36,850	1,905	959	1,111
22,851	22,950	750	374	374	29,851	29,950	1,277	654	675	36,851	36,950	1,914	965	1,119
22,951	23,050	756	378	378	29,951	30,050	1,285	658	681	36,951	37,050	1,923	971	1,127
23,051	23,150	762	382	382	30,051	30,150	1,293	662	687	37,051	37,150	1,933	977	1,135
23,151	23,250	768	386	386	30,151	30,250	1,301	666	693	37,151	37,250	1,942	983	1,143
23,251	23,350	774	390	390	30,251	30,350	1,309	670	699	37,251	37,350	1,951	989	1,151
23,351	23,450	780	394	394	30,351	30,450	1,317	674	705	37,351	37,450	1,961	995	1,159
23,451	23,550	786	398	398	30,451	30,550	1,325	678	711	37,451	37,550	1,970	1,001	1,167
23,551	23,650	792	402	402	30,551	30,650	1,333	682	717	37,551	37,650	1,979	1,007	1,175
23,651	23,750	798	406	406	30,651	30,750	1,341	686	723	37,651	37,750	1,989	1,013	1,183
23,751	23,850	804	410	410	30,751	30,850	1,349	690	729	37,751	37,850	1,998	1,019	1,191
23,851	23,950	810	414	414	30,851	30,950	1,357	694	735	37,851	37,950	2,007	1,025	1,199
23,951	24,050	816	418	418	30,951	31,050	1,365	698	741	37,951	38,050	2,016	1,031	1,207
24,051	24,150	822	422	422	31,051	31,150	1,375	702	747	38,051	38,150	2,026	1,037	1,215
24,151	24,250	828	426	426	31,151	31,250	1,384	706	753	38,151	38,250	2,035	1,043	1,223
24,251	24,350	834	430	430	31,251	31,350	1,393	710	759	38,251	38,350	2,044	1,049	1,231
24,351	24,450	840	434	434	31,351	31,450	1,403	714	765	38,351	38,450	2,054	1,055	1,239
24,451	24,550	846	438	438	31,451	31,550	1,412	718	771	38,451	38,550	2,063	1,061	1,247
24,551	24,650	853	442	442	31,551	31,650	1,421	722	777	38,551	38,650	2,072	1,067	1,255
24,651	24,750	861	446	446	31,651	31,750	1,431	726	783	38,651	38,750	2,082	1,073	1,263
24,751	24,850	869	450	450	31,751	31,850	1,440	730	789	38,751	38,850	2,091	1,079	1,271
24,851	24,950	877	454	454	31,851	31,950	1,449	734	795	38,851	38,950	2,100	1,085	1,279
24,951	25,050	885	458	458	31,951	32,050	1,458	738	801	38,951	39,050	2,109	1,091	1,287
25,051	25,150	893	462	462	32,051	32,150	1,468	742	807	39,051	39,150	2,119	1,097	1,295
25,151	25,250	901	466	466	32,151	32,250	1,477	746	813	39,151	39,250	2,128	1,103	1,303
25,251	25,350	909	470	470	32,251	32,350	1,486	750	819	39,251	39,350	2,137	1,109	1,311
25,351	25,450	917	474	474	32,351	32,450	1,496	754	825	39,351	39,450	2,147	1,115	1,319
25,451	25,550	925	478	478	32,451	32,550	1,505	758	831	39,451	39,550	2,156	1,121	1,327
25,551	25,650	933	482	482	32,551	32,650	1,514	762	837	39,551	39,650	2,165	1,127	1,335
25,651	25,750	941	486	486	32,651	32,750	1,524	766	843	39,651	39,750	2,175	1,133	1,343
25,751	25,850	949	490	490	32,751	32,850	1,533	770	849	39,751	39,850	2,184	1,139	1,351
25,851	25,950	957	494	494	32,851	32,950	1,542	774	855	39,851	39,950	2,193	1,145	1,359
25,951	26,050	965	498	498	32,951	33,050	1,551	778	861	39,951	40,050	2,202	1,151	1,367
26,051	26,150	973	502	502	33,051	33,150	1,561	782	867	40,051	40,150	2,212	1,157	1,375
26,151	26,250	981	506	506	33,151	33,250	1,570	786	873	40,151	40,250	2,221	1,163	1,383
26,251	26,350	989	510	510	33,251	33,350	1,579	790	879	40,251	40,350	2,230	1,169	1,391
26,351	26,450	997	514	514	33,351	33,450	1,589	794	885	40,351	40,450	2,240	1,175	1,399

The tax table is continued on page 46.

# 1994 California Tax Table — Continued

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	2,249	1,181	1,407	43,951	44,050	2,574	1,391	1,710	47,451	47,550	2,900	1,601	2,036
40,551	40,650	2,258	1,187	1,415	44,051	44,150	2,584	1,397	1,720	47,551	47,650	2,909	1,607	2,045
40,651	40,750	2,268	1,193	1,423	44,151	44,250	2,593	1,403	1,729	47,651	47,750	2,919	1,613	2,054
40,751	40,850	2,277	1,199	1,431	44,251	44,350	2,602	1,409	1,738	47,751	47,850	2,928	1,619	2,064
40,851	40,950	2,286	1,205	1,439	44,351	44,450	2,612	1,415	1,748	47,851	47,950	2,937	1,625	2,073
40,951	41,050	2,295	1,211	1,447	44,451	44,550	2,621	1,421	1,757	47,951	48,050	2,946	1,631	2,082
41,051	41,150	2,305	1,217	1,455	44,551	44,650	2,630	1,427	1,766	48,051	48,150	2,956	1,637	2,092
41,151	41,250	2,314	1,223	1,463	44,651	44,750	2,640	1,433	1,775	48,151	48,250	2,965	1,643	2,101
41,251	41,350	2,323	1,229	1,471	44,751	44,850	2,649	1,439	1,785	48,251	48,350	2,974	1,649	2,110
41,351	41,450	2,333	1,235	1,479	44,851	44,950	2,658	1,445	1,794	48,351	48,450	2,984	1,655	2,120
41,451	41,550	2,342	1,241	1,487	44,951	45,050	2,667	1,451	1,803	48,451	48,550	2,993	1,661	2,129
41,551	41,650	2,351	1,247	1,495	45,051	45,150	2,677	1,457	1,813	48,551	48,650	3,002	1,667	2,138
41,651	41,750	2,361	1,253	1,503	45,151	45,250	2,686	1,463	1,822	48,651	48,750	3,012	1,673	2,147
41,751	41,850	2,370	1,259	1,511	45,251	45,350	2,695	1,469	1,831	48,751	48,850	3,021	1,679	2,157
41,851	41,950	2,379	1,265	1,519	45,351	45,450	2,705	1,475	1,841	48,851	48,950	3,030	1,685	2,166
41,951	42,050	2,388	1,271	1,527	45,451	45,550	2,714	1,481	1,850	48,951	49,050	3,039	1,691	2,175
42,051	42,150	2,398	1,277	1,535	45,551	45,650	2,723	1,487	1,859	49,051	49,150	3,049	1,699	2,185
42,151	42,250	2,407	1,283	1,543	45,651	45,750	2,733	1,493	1,868	49,151	49,250	3,058	1,707	2,194
42,251	42,350	2,416	1,289	1,552	45,751	45,850	2,742	1,499	1,878	49,251	49,350	3,067	1,715	2,203
42,351	42,450	2,426	1,295	1,562	45,851	45,950	2,751	1,505	1,887	49,351	49,450	3,077	1,723	2,213
42,451	42,550	2,435	1,301	1,571	45,951	46,050	2,760	1,511	1,896	49,451	49,550	3,086	1,731	2,222
42,551	42,650	2,444	1,307	1,580	46,051	46,150	2,770	1,517	1,906	49,551	49,650	3,095	1,739	2,231
42,651	42,750	2,454	1,313	1,589	46,151	46,250	2,779	1,523	1,915	49,651	49,750	3,105	1,747	2,240
42,751	42,850	2,463	1,319	1,599	46,251	46,350	2,788	1,529	1,924	49,751	49,850	3,114	1,755	2,250
42,851	42,950	2,472	1,325	1,608	46,351	46,450	2,798	1,535	1,934	49,851	49,950	3,123	1,763	2,259
42,951	43,050	2,481	1,331	1,617	46,451	46,550	2,807	1,541	1,943	49,951	50,000	3,130	1,769	2,266
43,051	43,150	2,491	1,337	1,627	46,551	46,650	2,816	1,547	1,952	OVER \$50,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES BELOW.				
43,151	43,250	2,500	1,343	1,636	46,651	46,750	2,826	1,553	1,961					
43,251	43,350	2,509	1,349	1,645	46,751	46,850	2,835	1,559	1,971					
43,351	43,450	2,519	1,355	1,655	46,851	46,950	2,844	1,565	1,980					
43,451	43,550	2,528	1,361	1,664	46,951	47,050	2,853	1,571	1,989					
43,551	43,650	2,537	1,367	1,673	47,051	47,150	2,863	1,577	1,999					
43,651	43,750	2,547	1,373	1,682	47,151	47,250	2,872	1,583	2,008					
43,751	43,850	2,556	1,379	1,692	47,251	47,350	2,881	1,589	2,017					
43,851	43,950	2,565	1,385	1,701	47,351	47,450	2,891	1,595	2,027					

## 1994 Tax Rate Schedules

**Caution:** Use only if your taxable income (Form 540A, line 16 or Form 540, line 19) is more than \$50,000. If \$50,000 or less, use the **Tax Table**.

If the amount on Form 540A, line 16 or Form 540, line 19, is: over— But not over—		Enter on Form 540A, line 17 or Form 540, line 20		of the amount over—	
Schedule X — Use if your filing status is <b>Single or Married Filing Separate</b>		\$ 0	\$ 4,722	\$ 0.00 + 1.0%	\$ 0
		4,722	11,192	47.22 + 2.0%	4,722
		11,192	17,662	176.62 + 4.0%	11,192
		17,662	24,519	435.42 + 6.0%	17,662
		24,519	30,987	846.84 + 8.0%	24,519
		30,987	107,464	1,364.28 + 9.3%	30,987
		107,464	214,929	8,476.64 + 10.0%	107,464
		214,929	AND OVER	19,223.14 + 11.0%	214,929
Schedule Y — Use if your filing status is <b>Married Filing Joint or Qualifying Widow(er) with Dependent Child</b>		\$ 0	\$ 9,444	\$ 0.00 + 1.0%	\$ 0
		9,444	22,384	94.44 + 2.0%	9,444
		22,384	35,324	353.24 + 4.0%	22,384
		35,324	49,038	870.84 + 6.0%	35,324
		49,038	61,974	1,693.68 + 8.0%	49,038
		61,974	214,928	2,728.56 + 9.3%	61,974
		214,928	429,858	16,953.28 + 10.0%	214,928
		429,858	AND OVER	38,446.28 + 11.0%	429,858
Schedule Z — Use if your filing status is <b>Head of Household</b>		\$ 0	\$ 9,445	\$ 0 + 1.0%	\$ 0
		9,445	22,383	94.45 + 2.0%	9,445
		22,383	28,852	353.21 + 4.0%	22,383
		28,852	35,709	611.97 + 6.0%	28,852
		35,709	42,179	1,023.39 + 8.0%	35,709
		42,179	146,274	1,540.99 + 9.3%	42,179
		146,274	292,550	11,221.83 + 10.0%	146,274
		292,550	AND OVER	25,849.43 + 11.0%	292,550

# How To Get California Tax Information

(Keep This Booklet For Future Use)

**In Person** Addresses of Franchise Tax Board (FTB) district offices are shown below. You can get information, California tax forms, and you can resolve problems on your account. Our district offices are open Monday through Friday from 8:00 a.m. to 5:00 p.m.

District Offices	Address
Bakersfield . . . . .	1430 Truxtun Avenue
Burbank . . . . .	333 N. Glenoaks Blvd.
Fresno . . . . .	2550 Mariposa Street
Long Beach . . . . .	245 West Broadway
Los Angeles . . . . .	300 South Spring Street
Oakland . . . . .	1970 Broadway
Sacramento . . . . .	8745 Folsom Boulevard
San Bernardino . . . . .	215 North D Street
San Diego . . . . .	5353 Mission Center Road
San Francisco . . . . .	50 Fremont Street, Suite 900
San Jose . . . . .	96 North Third Street
Santa Ana . . . . .	600 West Santa Ana Blvd.
Santa Barbara . . . . .	360 South Hope Avenue
Santa Rosa . . . . .	50 D Street
Stockton . . . . .	31 East Channel Street
West Covina . . . . .	100 North Barranca Street

**Letters** We can serve you quickly if you call us or visit a district office for information to complete your California income tax return, or to find out about your tax refund. However, you may want to write to us if you are replying to a notice we sent you, or to get a reply in writing. If you write to us, be sure to include your social security number, your daytime and evening telephone numbers and a copy of the notice in your letter. Send your letter to:

**Franchise Tax Board  
P.O. Box 942840  
Sacramento, CA 94240-0040**

We will acknowledge receipt of your letter within six to eight weeks. In some cases, we may need to call you for additional information.

**Your Rights As A Taxpayer** Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program and how you can request written advice from the FTB on whether a particular transaction is taxable.

You can order FTB Pub. 4058 by calling or writing the FTB using the address to the left for letters.

## Where To Get Income Tax Forms

**In person** – You can get California tax forms at the FTB district offices listed at left. Most libraries, post offices and banks also provide free California tax booklets during the filing season. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks and quick print businesses cannot provide tax information or assistance.

**By phone** – For 1994 California tax forms, call our toll-free number listed under "F.A.S.T. Toll-Free Phone Service" on the back cover. For prior year California tax forms, call our toll-free number listed below.

**By mail** – Use the order blank below to request forms. Print or type your name and address on the lines below. On the back of the order blank, check the boxes for those forms you need. We will send you two copies of each tax form and one copy of each set of instructions you order. Please allow two weeks to receive your order. Address your envelope to: **Franchise Tax Board, Tax Forms Request Unit, P.O. Box 307, Rancho Cordova, CA 95741-0307.**

## Regular Toll-Free Phone Service

Our regular toll-free phone service is available from 7:00 a.m. until 8:00 p.m. Monday through Friday from January 3 through April 17, 1995. The best times to call are between 7:00 and 10:00 in the morning and between 6:00 and 8:00 in the evening. Service is also available on Saturday, April 8 and April 15, from 8:00 a.m. until 5:00 p.m. After April 17, service is available Monday through Friday, between 8:00 a.m. and 5:00 p.m.

From within the United States. . . . . 1-800-852-5711  
From outside the United States. . . . . 1-916-845-6500  
(not toll-free)

For hearing impaired with TDD . . . . . 1-800-822-6268  
For federal tax questions,  
call the IRS at . . . . . 1-800-829-1040

### Bilingual Assistance

Para obtener servicio bilingüe de información sobre impuestos o formularios, llame al número de teléfono (anotado arriba) que le corresponde.

Franchise Tax Board  
Tax Forms Request  
P.O. Box 307  
Rancho Cordova, CA 95741-0307

\_\_\_\_\_  
Name

\_\_\_\_\_  
Number and street

\_\_\_\_\_  
City or town, State and ZIP code

### FORMS REQUEST

Enter your name and address on this label. It will be used to speed your order for forms to you.





Call **Fast Answers** about **State Taxes**, the F.A.S.T. toll-free phone service you can use to:

- get recorded answers to many of your questions about California taxes;
- order California or federal tax forms; and
- find out about your tax refund.

F.A.S.T. is available in English and Spanish to callers with touch-tone or rotary dial telephones.

## When Is F.A.S.T. Available?

To answer your questions, F.A.S.T. is available 24 hours a day, seven days a week. To order forms or to find out about your tax refund, F.A.S.T. is available from 6:00 a.m. to 10:00 p.m., seven days a week, except state holidays.

## How To Use F.A.S.T.

Have paper and pencil handy to take notes.

Call from within the United States. . . . . 1-800-338-0505

Call from outside the United States (not toll-free) . . . . . 1-916-845-6600

## To Order Forms

Use F.A.S.T. to order forms listed on the order blank below. To order a listed form, press the form's entry code (shown in parentheses on the order blank below) in response to recorded instructions. If you have moved in the last year, you must call 1-800-852-5711 to get forms.

You may also order the following 1994 federal forms:

(902) 1040 Booklet (includes Schedule A, B, D, & E; Forms EIC & 2441)		
(904) 1040A Booklet (includes Schedule 1 & 2; Form EIC)		
(915) 1040EZ Booklet	(906) Form 1040X	(932) Form 4562
(935) Publication 17	(931) Form 1040-ES	(916) Schedule C
(933) Form 2119	(912) Form 2106	(905) Schedule SE

## To Find Out About Your Tax Refund

You should wait at least eight weeks after you file your tax return before you call to find out about your refund. To use F.A.S.T., you must know the first social security number shown on your tax return and the exact dollar amount of your refund.

## To Get Information

If you need an answer to any of the following questions, enter the correct code after you reach the F.A.S.T. number.

## Code-Filing Assistance:

- 100 – Do I need to file a return?
- 111 – Which form should I use?
- 112 – How do I file electronically and get a fast refund?
- 200 – Where can I pick up a form today?
- 201 – How can I get an extension to file?
- 202 – There is no envelope in the booklet. Where do I send my return?
- 203 – How much do I get for renter's credit? (see page 3 first)
- 204 – I never received a Form W-2. What do I do?
- 205 – I have no withholding taken out. What do I do?
- 206 – Do I have to attach a copy of my federal return?
- 207 – Should I file my return even though I do not have the money to pay?
- 208 – How do I figure my estimated tax payments?
- 209 – I lived in California for part of the year. Do I have to file a return?

- 210 – I do not live in California. Why do I have to file a return?
- 211 – How do I figure my IRA deduction?
- 212 – How do I claim my disaster related loss?
- 213 – How do I file using Form 540-ADS?
- 215 – Who qualifies me to use the head of household filing status?
- 216 – I'm due a refund. Do I still need to file a return?
- 217 – I am currently/was in the military. Do I have to file a California return?
- 218 – I'm in the military. Do I have to use the same filing status as federal?
- 219 – I sold my personal residence. How do I report the sale to California?
- 220 – There is no difference in my state and federal depreciation, business income and capital gain income. What do I do?
- 221 – What is community property?
- 222 – How much can I deduct for vehicle license fees?

## Refunds:

- 300 – My spouse has passed away. You sent a refund with both our names on it. What do I do?
- 301 – I got a letter saying you sent my refund to another agency. Why?

## Penalties:

- 400 – I have an extension of time to file my return. Why did I get a penalty?
- 401 – I filed my return on time. Why did I get a penalty?
- 402 – How can I protest a penalty?
- 403 – What is the estimate penalty rate?

## Notices And Bills:

- 500 – I received a bill and I cannot pay it in full. What do I do?
- 501 – Why didn't you give me credit for my withholding?
- 502 – You didn't give me credit for my dependent. What do I do?
- 503 – I don't have a homeowner's exemption. Why did you deny my renter's credit?
- 504 – I'm head of my house. Why was I denied head of household filing status?
- 505 – Why was my IRA deduction denied?
- 506 – How can I get information about my Form 1099-G?
- 507 – Why did I receive a questionnaire?
- 508 – I received a notice that didn't show all payments made. How do I get credit for them?

## Tax For Children Under 14:

- 601 – Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
- 602 – Federal law limits the standard deduction. Is the state law the same?

## Miscellaneous:

- 610 – Can I pay my taxes with a credit card?
- 611 – What address do I send my payment to?
- 612 – I mailed my return and haven't heard anything. Should I send a copy of my return?
- 613 – I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
- 614 – I forgot to attach a copy of my federal return. What do I do?
- 615 – How do I get a copy of my state tax return?
- 616 – What should I do if my federal tax return was examined or changed by the IRS?
- 617 – What are the current interest rates?

**To Order 1994 Tax Forms By Mail** — Cut along the dotted line and write or type your name and address on the other side. Mail to: **Franchise Tax Board, Tax Forms Request Unit, P.O. Box 307, Rancho Cordova, California 95741-0307**. Please allow two weeks for a reply. To order forms for taxable years prior to 1994, call the telephone assistance number or visit a district office.

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> (900) California Resident Income Tax Forms and Instructions. This booklet contains:<br>Form 540 Resident Income Tax Return<br>Form 540A Resident Income Tax Return<br>Form 540EZ Resident Income Tax Return<br>For Single and Joint Filers With No Dependents<br><input type="checkbox"/> (903) Schedule CA(540), California Adjustments (Including FTB 3885A, Depreciation & Amortization Adjustments, and Schedule D, California Capital Gain or Loss Adjustment)<br><input type="checkbox"/> (907) 540-ES, Estimated Tax for Individuals<br><input type="checkbox"/> (908) 540X, Amended Income Tax Return<br><input type="checkbox"/> (909) Schedule D-1, Sales of Business Property<br><input type="checkbox"/> (910) Schedule G-1, Tax on Lump-Sum Dist.<br><input type="checkbox"/> (911) Schedule P (540), Alternative Minimum Tax and Credit Limitations | <input type="checkbox"/> (913) Schedule S, Other State Tax Credit<br><input type="checkbox"/> (914) California Nonresident Income Tax Forms and Instructions. This booklet contains:<br>Form 540NR Nonresident or Part-Year Resident Income Tax Return<br><input type="checkbox"/> (917) Schedule CA(540NR), California Adjustments — Nonresidents or Part-Year Residents<br><input type="checkbox"/> (918) Schedule P (540NR), Alternative Minimum Tax and Credit Limitations<br><input type="checkbox"/> (919) FTB Pub. 1001, Supplemental Guidelines to California Adjustments<br><input type="checkbox"/> (920) FTB Pub. 1005, Pension and Annuity<br><input type="checkbox"/> (921) FTB 3519, Payment Voucher for Automatic Extension for Individuals<br><input type="checkbox"/> (922) FTB 3525, Substitute W-2 Statement<br><input type="checkbox"/> (923) FTB 3526, Investment Interest Expense | <input type="checkbox"/> (924) FTB 3800, Tax Computation for Children with Investment Income<br><input type="checkbox"/> (929) FTB 3801, Passive Activity Loss Limitations<br><input type="checkbox"/> (930) FTB 3803, Parent's Election to Report Child's Interest and Dividends<br><input type="checkbox"/> (925) FTB 3805E, Installment Sales<br><input type="checkbox"/> (928) FTB 3805P, Additional Tax from Qualified Retirement Plans<br><input type="checkbox"/> (926) FTB 3805V, Net Operating Loss<br><input type="checkbox"/> (901) FTB 3805Z, Enterprise Zone and Program Area Business Booklet<br><input type="checkbox"/> (927) FTB 5805, Underpayment of Estimated Tax<br><input type="checkbox"/> Other _____ |
|--|---|---|



# Important Information!

---

The following supplements information in the 1994 California Resident Personal Income Tax Booklet.

**Page 3 :**        **“Who Must File a California Income Tax Return, Requirements for Most People”**  
should include the following information:

If you can be claimed as someone's dependent, you must file a return if your gross income from all sources is greater than your standard deduction. Use the Standard Deduction Worksheet For Dependents on page 17 or page 26 to compute your standard deduction.

**Page 25:**        **“Line 14 – California Adjustments – Subtractions** should include the following information:

**Caution:** If the amount on Schedule CA (540), line 31, column B is a negative number, do not enter an amount on line 14. Instead, enter that amount as a positive number on Form 540, line 16.

**Page 25:**        **“Line 16 – California Adjustments – Additions** should include the following information:

**Caution:** If the amount on Schedule CA (540), line 31, column C is a negative number, do not enter an amount on line 16. Instead, enter that amount as a positive number on Form 540, line 14.